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JAPAN
Scandal is providing trouble for Miyazawa
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World News

Coalition partners call on Haughey to resign

Irish prime minister Charles Haughey's Progressive Democrat coalition partners told him to resign or lose their support, without which the government will collapse.

The crisis erupted on Tuesday when former justice minister Sean Doherty said Mr Haughey had known of illegal phone-tapping in 1982 for which Mr Doherty took the blame at the time. Page 2

Expulsion cancelled
One of 12 Palestinians facing expulsion from the Israeli-occupied territories is to be allowed to stay. Only once before, in 1979, have the Israeli authorities reversed an expulsion order. Israel announced the expulsions after four Israelis were shot dead in ambushes.

Kaunda faces quiz
Zambia is to investigate former president Kenneth Kaunda for alleged embezzlement of public funds. Kaunda, who was defeated in elections last October by President Frederick Chiluba, has in the past denied similar allegations.

5,000 missing in Croatia
At least 5,000 people are missing in Croatia, where Serb insurgents and the federal army have executed and tortured Croat civilians during the seven-month war, the New York-based human rights organisation Helsinki Watch said. Page 2

US meets North Korea
North Korean and US officials met in New York to discuss nuclear weapons – their highest-level contact since the Korean War. Page 4

Briton jailed for killing
A Spanish court sentenced Stuart Hutchinson, 47, from Scotland to 24 years in jail for beating his wife to death and burning her remains at their luxury villa in the southern resort of Mijas.

Smuggling diplomat
Zimbabwe has ordered the expulsion of a North Korean diplomat who smuggled rhino horns out of the country. Trade in rhino horns, highly prized in the Far East as a sex stimulant, is banned under a world convention.

50 drown in capsize
Fifty people were feared drowned when a cargo ship capsized during a storm in the Ugandan waters of Lake Victoria. Eighteen people, including several children, were rescued.

Shipwrecked man found
Searchers found a Chinese man sitting in the shade of a tree in the Australian outback, leaving one man still lost after a ship carrying 56 Chinese ran aground on the country's remote northwest coast.

Collapse kills three
Three people were killed when an apartment building collapsed in Alexandria.

Galling news
Sunbathers run twice the risk of developing gallstones than those who prefer the shade, according to a Dutch medical study. Many gallstones contain a polymer whose creation is triggered by ultraviolet light.

Business Summary

Lonrho cuts its final dividend as profits slump

Lonrho, the international trading group, announced the first cut in its final dividend for a decade as pre-tax profits for the year to the end of September 1991 fell by 24 per cent to £207m ($375m).
The final dividend has been cut by 3p – the biggest cut ever – to 5p. The group also took the unusual step of withholding this year's first interim dividend of 3p. Page 15; Lex, Page 14

AMERICAN Telephone and Telegraph, US long-distance telephone carrier, reported a 21 per cent fall in fourth-quarter net profits to $635m, or 48 cents a share. Page 15

FRIEND'S PROVIDENT, the leading UK life assurer, is taking 20 per cent of a new Milanese stockbroking group in a marked expansion of its Italian interests. Page 16

EAST JAPAN RAILWAY, one of the seven divisions of Japan Railway Group, the former Japanese National Railway, announced plans to raise up to Y80bn ($650m) in straight bonds on domestic and overseas markets by the middle of this year. Page 19

GERMANY will argue that its rising labour costs prohibit any relaxation in its strict economic and monetary stabilisation measures at this weekend's meeting of finance ministers of the Group of Seven nations. Page 2

JCL, property and sales affiliate of Janome Sewing Machine, one of the world's leading sewing machine makers, has begun liquidation proceedings with debts of Y129bn ($1.05bn) arising from dealings with a stock speculator group. Page 17

NORSK HYDRO, Norway's biggest company, is to take a NKr2.4bn ($387m) special charge against its 1991 fourth-quarter accounts. The announcement wiped 8 per cent off the value of Hydro shares. Page 15

RUSSIA is struggling to retain control of its economic reform programme as its target for a balanced budget in the first quarter of the year is dropped. Page 2

UNEMPLOYMENT in Hungary quadrupled last year to 406,000, or 8.5 per cent of the workforce, as companies shed labour in the face of recession in both domestic and east European markets. Page 2

ALGERIAN government has drawn up emergency plan to revive the economy, channelling funds into industry, public works projects and housing. Page 4

BANK OF JAPAN says Japanese money supply growth in December fell to a record low of 2 per cent compared with a year earlier. Page 4

BRITISH AIRWAYS, the UK flag carrier, is to cut staffing at London's Gatwick airport by 300, almost 7 per cent, as part of an efficiency drive. Page 6

SUN ALLIANCE, the UK's biggest insurer, announced plans to cut 800 jobs as part of a rationalisation programme designed to reduce costs and restore profitability. Page 7

Headhunters lure former Soviet missile scientists

By Chrystia Freeland in Dnepropetrovsk, Ukraine

FOREIGN headhunters are recruiting specialists from Dnepropetrovsk, the missile building capital of the former Soviet Union, to work in the Middle East and elsewhere.

Local businessmen say rocket scientists are among those jockeying to work abroad.

The recruitment drive at the centre where all Soviet intercontinental ballistic missiles, including the SS18 and SS24, are built and designed raises the spectre of arms technology proliferating to countries such as Iraq and Libya.

It is a danger to which western leaders are acutely sensitive. Yesterday on German radio Mr Hans-Dietrich Genscher, the county's foreign minister, warned that unemployed Soviet military specialists were "wandering technological mercenaries .... easy prey for recruiters for irresponsible potentates" who have the dangerous ambition of building weapons of mass destruction".

Mr Genscher proposed that western states create funds to help prevent such a brain drain.

But in Dnepropetrovsk, where some of the most lethal missiles are built, fledgling entrepreneurs think that military know-how could be one of their depressed region's most promising exports.

"If the Libyan government asked me to find rocket scientists I would be happy to help," says Mr Viachealav Kostiukovych, assistant director of Sistema Reserve, a US-Ukrainian joint venture based in the grimy industrial city and mainly involved in publishing.

Mr Kostiukovych has no doubt that if the price was right, Dnepropetrovsk's military specialists would be willing and able to work abroad.

Sistema Reserve already has an entreé into the business: this spring it was contacted by the International Employment Agency, headquartered in Liechtenstein, and asked to recruit local professionals to work abroad, with special reference to the Middle East.

According to correspondence between the two companies, IEA has a special interest in finding health care professionals. However, in a letter to Sistema Reserve dated as early as May 13 last year, Mr Arnold Lanz, IEA representative, indicated a need for engineers and computer specialists as well.

IEA emphasised that "there is no limit to the amount of candidates that you can recruit" and offered annual starting salaries of $30,000, a benefit package including vacation and pension programmes, pre-paid air fares and assistance in obtaining visas.

Mr Kostiukovych says that his company has not yet placed any professionals abroad.

Dnepropetrovsk, home city to the mammoth Iuzhny Mashinostroitelny Zavod (Iuzhmash), the largest integrated missile production facility in the world, and to a number of research institutes specialising in rockets and satellite technology, is a more promising hunting ground for rocket scientists than dental hygienists.

According to Mr Leonid Kuchma, the director of Iuzhmash, some 3,000 of the 50,000 people employed by the complex are specialists with knowledge of sensitive rocket technology in which Iuzhmash is a
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Ukrainian army, Page 2

Gesture underlines end of Cold War

US emergency airlifts planned to aid Soviets

By Lionel Barber, US Editor, in Washington

THE US will begin emergency airlifts of food and medicine to the former Soviet republics on February 10 in a gesture of solidarity underlining the end of the Cold War.

The military relief effort, codenamed Operation Provide Hope, will involve 54 US Air Force flights, Mr James Baker, US secretary of state, announced yesterday, at the end of a two-day conference of 47 nations in Washington called by the US to co-ordinate Soviet aid.

The US proposal for airlifts runs counter to German arguments that land and sea transport is more effective, and less costly, but Mr Baker told a news conference at the State Department that the use of US forces was symbolically important.

It "can vividly show the peoples of the former Soviet Union that those that once prepared for war with them now have the courage and conviction to use their militaries to say; 'we will wage a new peace'."

The US has already undertaken smaller scale airlifts to select Soviet republics in recent months.

The flights of C-5 transport aircraft from Frankfurt will last between one and two weeks, and be targeted to reach orphanages and hospitals. The US will send advance teams from the Pentagon and other Federal agencies to circumvent the corruption which has so far plagued the western relief effort for the former Soviet Union.

Page 2
■ Bonn takes tough line on Soviet debt
■ Miners' pay rise threat to Russian economy

European diplomats suggested that the use of C-5 transports from Frankfurt could herald a fresh campaign to use Nato forces to oversee the relief effort. Mr Baker pointedly noted Nato's earlier offer of logistical support, and diplomats said this would allow the alliance a new mission now that the Soviet military threat had receded.

Such a role could run into opposition from France, which this week expressed reservations about the Washington conference, which also involved five international financial organisations, including the International Monetary Fund and the World Bank.

France criticised the decision to bar the former Soviet republics from attending and called for practical on-site mechanisms to ensure distribution of the food and humanitarian aid already available.

In spite of these reservations, the main participants described the two-day meeting as a useful exchange of views which had produced detailed plans of action in food, shelter, energy and technical aid to help the republics in dismantling their centrally planned economies.

The US defused rivalry with Europeans by agreeing to a follow-up conference in Lisbon this spring, to be sponsored by the European Commission and attended by the republics.

Japan, which has been accused of dragging its feet on aid to the ex-Soviet republics because of its claim to the Kurile Islands – the islands off the north of Japan seized by the Soviet Union at the end of the Second World War – has offered to host a third conference.

At the opening of the conference, Mr Bush also pledged $645m in fresh humanitarian aid to the former Soviet republics. The offer is contingent on support from Congress, but the initial reaction from the Democratic majority in the House and Senate was favourable.

Mr Baker also said a team of conference participants would visit Minsk, the capital of the new Commonwealth of Independent States, next week. The team will discuss requests for aid presented by the republics.

Estonian prime minister Edgar Savisaar gives the victory sign but his government had to resign yesterday when it failed to win parliamentary support for his strategy of tackling an economic crisis. Mr Savisaar had been prime minister for two years. Report, Page 14

France launches attack on waste

By William Dawkins in Paris and John Thornhill in London

FRANCE yesterday launched an ambitious campaign against household and industrial waste.

The scheme, drafted by Mr Brice Lalonde, environment minister, signals the Socialist administration's sensitivity to the Green Party's growing popularity ahead of important regional elections in March.

The government says the proposals would give France one of the world's most advanced systems for controlling waste. However, they show strong similarities to a last autumn's German plan which centred on an annual levy for collection of household refuse.

The French proposals, which drew a hostile response from international packaging companies yesterday, would impose a FFr20 ($3.69) a tonne tax on the dumping of household and non-toxic industrial refuse.

Producers of packaged goods would have to pay a levy of 3 centimes a package.

The project, adopted by the cabinet for presentation to parliament this spring, would oblige producers or importers of consumer goods to take back packaging, or pay for a contractor to do so, from the start of next year.

The Industrial Council for Packaging and the Environment (Incpen), which represents more than 60 international packaging groups, expressed strong misgivings.

It said it was disappointed that many of the ideas for a more flexible approach
Continued on Page 14

EC army of lobbyists has to lobby for its future

By David Buchan in Brussels

BRUSSELS' growing army of Euro-lobbyists yesterday turned out in force for what they saw as a good cause – their own.

The European Parliament was holding hearings on a possible US-style solution – a register and code of conduct – to regulate the activities of Brussels lobbyists, who are second in number only to those in Washington. The EC "influence industry" now amounts to an estimated 3,000 people in the Belgian capital and far more in total.

The parliament's move mirrors a similar step by the European Commission, which will call for a proper code of conduct in contacts between the Commission and pressure groups.

For all their mock horror at the growth in Euro-lobbying, most EC legislators and officials are privately delighted that so many people now consider them worth influencing, as well as wining and dining. So, instead of turning the money-changers out of the temple, most MEPs welcome a certain amount of lobbying, particularly as their EC legislature is far more remote from Europe's citizenry.

But as the stakes mount, so does industry pressure, with the tobacco lobby, for instance, now pulling out all the stops to head off a proposed EC ban on tobacco advertising. Lack of any lobbying rules means that a big scandal may not be far off.

At yesterday's hearings most lobbyists and several MEPs spoke out against a register which might be misused by professionals and might effectively exclude amateur citizens' groups. But they failed in that primary task of the lobbyist in not getting their message home to Mr Marc Galle, the Belgian Socialist rapporteur of the parliament's rules committee. He said his report in April would recommend just such a register.

Most MEPs and lobbyists said they would prefer a code of conduct. Lobbyists – some of them with official EC or press accreditation – were accused of straying all over the parliament and "borrowing" documents off MEPs' desks. And Mr Galle suggested that lobbyists be given quarters of their own – a lobby, perhaps.

But one Dutch Socialist MEP, Mr Almen Metten, admitted there was also a beam in the eye of many legislators. "An increasing number of MEPs and their assistants are becoming paid 'consultants' to companies or organisations, leaving their colleagues to guess what cap they are wearing when," he complained. A record of MEPs' declared financial interests exists, but it is skimpy and held only in Luxembourg.

Mr Zygmunt Tyszkiewicz, head of Unice, the European industry federation, had graver concerns. If a new climate of guilt took hold, "MEPs might become reluctant to be invited out to lunch", that sacred Brussels institution.

Weekend FT

Tomorrow: Japan builds a plutonium stockpile. Should the world be worried?

●

Full-bodied sherries to warm the winter months

CONTENTS

New Islamic states may pose a problem for Arab moderates

The Iran of president Ali Akbar Hashemi Rafsanjani is playing a more conspicuous role in the Islamic world, as the balance of influence could be affected by the creation of new central Asian states from the old Soviet Union.
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MARKETS

STERLING
New York lunchtime:
$1.784
London:
$1.796 (1.807)
DM2.885 (2.8675)
FFr9.77 (9.775)
SFr2.545 (2.5375)
Y222.25 (222.5)
£ Index 90.6 (90.8)

GOLD
New York Comex Feb
$354.9 (358.3)
London:
$356.05 (357.3)

N SEA OIL (Argus)
Brent 15-day Mar
$17.975 (17.725)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.6075
FFr5.4715
SFr1.4235
Y124.2
London:
DM1.595 (1.5875)
FFr5.44 (5.41)
SFr1.4165 (1.4045)
Y123.85 (123.2)
$ Index 62.1 (61.8)
Tokyo close: Y123.23

US LUNCHTIME RATES
Fed Funds: $4\frac{3}{16}$%
3-mo Treasury Bills:
3.83%
Long Bond:
$100\frac{1}{16}$
yield: 7.65%

STOCK INDICES
FT-SE 100: Yield 4.87
2,525.3 (+3.3)
FT-A All-Share:
1,207.29 (+0.1%)
FT-SE Eurotrack 100:
1,131.98 (−2.09)
New York lunchtime:
DJ Ind. Av.
3,236.58 (−19.23)
S&P Comp
415.70 (−2.43)
Tokyo: Nikkei
21,590.72 (+46.60)

LONDON MONEY
3-month interbank:
$10\frac{11}{16}$% (same)
Liffe long gilt future:
Mar $97\frac{1}{2}$ (Mar $97\frac{1}{4}$)

Rights group condemns Serb actions in Croatia

By Laura Silber in Belgrade

AT LEAST 5,000 people are still missing in Croatia where Serb insurgents and the federal army have executed and tortured Croat civilians during the seven-month war, the human rights organisation Helsinki Watch said yesterday.

The New York-based group, in a letter to President Slobodan Milosevic of Serbia and army chief of staff General Blagoje Adzic, appeals for the unconditional release of all civilians taken hostage in the hostilities which it says have left at least 10,000 people dead.

It calls on the federal army and Serbia to "investigate reports of torture and summary executions", to "refrain from the indiscriminate and disproportionate use of force, which has caused thousands of civilian deaths, and cease all discriminate attacks against civilians – including journalists – and civilian targets".

Helsinki Watch, which next week will detail similar reports of atrocities and violations by Croat forces, accuses Serbia of providing "military, economic and political support" to local Serb insurgents in Croatia. Its letter also denounces the "continuing persecution of the Albanian population of Kosovo", a province under the direct control of Belgrade.

It urges humane treatment of prisoners held in an estimated 36 detention camps throughout Serbia, Bosnia-Hercegovina and Krajina, a self-proclaim Serb republic in southern Croatia. Prisoners are currently held in "appalling conditions", it says, and in "many cases detainees are tortured and beaten by their captors". Families have not been notified of the fate of at least 3,000 people taken captive after the fall of Vukovar, eastern Croatia, on November 18. Many of the Croat prisoners are feared to have been executed.

The 23-page letter contains the most extensive eyewitness accounts to date of brutalities committed in Croatia's war zones. Reports from Hum and Vocin, villages about 100 miles east of Zagreb, describe savage acts committed by the White Eagles, an ultra-nationalist Serb militia, when the villages were seized in August. The pro-Serb army should be held responsible for the conduct of paramilitary groups which are armed by the federal military, says Helsinki Watch.

Croatian autopsy reports said many of the Croatian victims from Hum and Vocin had multiple gunshot wounds to the face and neck, usually from the back. Ten bodies had been badly burned, two people had been hit with a sharp object, propably an axe. Two people had been shot in the eyes. "Two others appeared to have chained to a table and then set afire while still alive.... An elderly Croatian couple were chained and burned in their backyard".

Helsinki Watch officials in Belgrade said yesterday the army had promised to respond to the letter, which follows similar charges of atrocities by EC monitors in Croatia.

Progressive Democrats tell Haughey to go

By Tim Coone in Dublin

MR CHARLES HAUGHEY'S coalition partners last night told him to resign or lose their support.

The Progressive Democrats told the Irish prime minister "to take the necessary step to restore the authority and effectiveness of the government" or face the withdrawal of their support following the Budget day next Wednesday.

This is a thinly-veiled call for his resignation. Without PD support the government will collapse, precipitating a general election.

The ultimatum was issued after a day in which Mr Haughey came under intense pressure to resign from cabinet colleagues.

The crisis erupted on Tuesday when Mr Sean Doherty, a former justice minister, said Mr Haughey had known of illegal phone-tapping in 1982 for which Mr Doherty took the blame at the time.

Government and party spokesmen were uncharacteristically silent about a meeting yesterday between Mr O'Malley and Mr Haughey.

Speculation was rife yesterday that Mr Haughey was about to resign, although his spokesman said: "I have no sense of that at the moment".

PD senators were yesterday instructed by Mr O'Malley to support the tabling of an opposition no-confidence motion in Mr Haughey, but the motion was ruled out of order by the Senate's chairman.

On Wednesday night the PD issued a strong warning to Mr Haughey, saying they viewed this latest crisis "with the utmost gravity" and that "the credibility and stability of the government (must) be immediately restored".

Several Fianna Fail ministers, led by by Mr Bertie Ahern the finance minister, were yesterday working on a proposal to hold a parliamentary party meeting after the presentation of the 1992 Budget in the Dail next week, at which Mr Haughey would either resign, or face a vote of no confidence.

An attempt to oust Mr Haughey last November, led by two cabinet ministers and a group of backbenchers, failed. Mr Haughey was able to sway wavering backbenchers then by a commitment to finish an immediate agenda of work ahead of him, and then reconsider his position. This was interpreted as this spring.

At a press conference last week however, Mr Haughey said "there is no timetable" for his departure. It is thought that a majority of Fianna Fail backbenchers would now support Mr Haughey's removal. The most likely contender for Mr Haughey's replacement is Mr Albert Reynolds, the former finance minister who was sacked for leading November's attempt to oust Mr Haughey.

Germany presses for IMF block over Soviet debts

By Quentin Peel in Bonn

FORMER Soviet republics like Ukraine, which have yet to sign the western-inspired memorandum of understanding on repaying the debts of the former Soviet Union, could be refused membership of the International Monetary Fund.

Germany will press the Group of Seven to block membership for those not prepared to honour Soviet debts, not with the aim of excluding them, but rather to force them into line.

Ukraine is by far the most important of the four which have so far refused to accept responsibility. The others are Azerbaijan, Georgia and Uzbekistan. Estonia, Latvia and Lithuania, which were forcibly incorporated into the Soviet Union in 1940, have rejected responsibility for a share of the Soviet debt apart from that related to projects in the Baltic states.

Germany, the largest creditor of the former Soviet Union, is determined that "a country cannot become a member of the IMF without accepting its responsibility for its debts," according to officials in Bonn. That means in effect that they will be compelled to sign the memorandum of understanding.

At the same time Germany is hoping for the speediest possible incorporation of the ex-Soviet republics into the IMF, in order to give them access both to credits and expertise.

Officials in Bonn believe that a letter of intent on a Fund programme for Russia could be agreed by the end of February, submitted to the IMF board in March, and full membership of the Fund could follow in April, clearing the way for IMF credits.

The most difficult problem is that of quotas for the former Soviet republics within the fund: the debate ranges from a lower limit of 3 per cent, to an upper limit of 6 per cent. The difference concerns whether intra-republican trade is taken into account: if the former Soviet Union had joined as a single unit, such trade would not have been considered. However given current fragmentation, intra-republican links have become external trade.

The issue will be a key point on the agenda of the finance ministers' meeting of the Group of Seven industrialised nations in New York tomorrow.

In Bonn, the attitude is that the quota is not fundamental, although given their huge economic problems, the greater access the republics have to IMF funds, underpinned by strict conditions, the better.

Eight ex-Soviet republics – Russia, Ukraine, Azerbaijan, Armenia and Kazakhstan, plus the three Baltic republics, Estonia, Latvia and Lithuania - have now applied to join the fund.

Miners pay rise threat to Russian economy

By John Lloyd

THE Russian government was yesterday struggling to retain control of its economic reform programme after President Boris Yeltsin reportedly conceded large pay rises for miners and abandoned the target for a balanced budget in the first quarter of the year.

Mr Yeltsin, who met representatives from Russia's biggest coalfield, the Kuzbass, on Wednesday, was reported by the Interfax news agency to have conceded their case for higher salaries.

Such a concession to the powerful mineworkers would open the way to further wage demands by other industrial workers.

At the same time, the chairman of the Russian central bank, Mr Georgy Matiukhin, told the Russian parliament that monetary reform was "senseless – a complete waste of time and energy" at a time of unrestrained monetary growth.

Mr Matiukhin said Russian internal debt had risen to Rbs375bn, out of a total debt of the former Soviet Union of Rbs500bn – though other figures published yesterday showed the Russian debt to be even higher, at Rbs572bn from a total Soviet debt of Rbs990bn. The bank chairman said that he expected to print Rbs34.3bn in the first quarter of 1992, a significant rise over the same period last year.

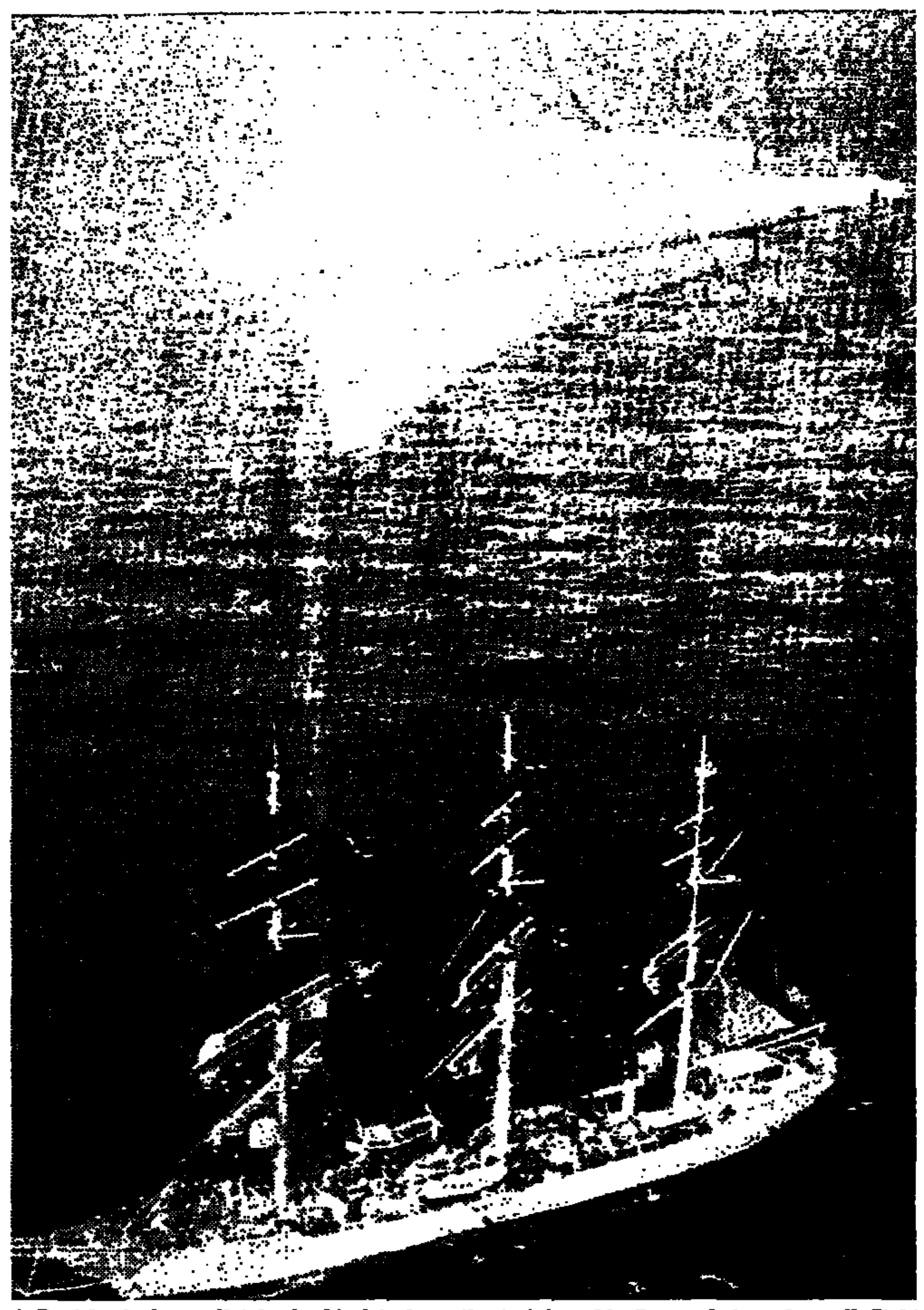
Mr Yegor Gaidar, the deputy prime minister in charge of economic reform, wrote this week in the Financial Times that Russia could "sink into a disastrous wage-price spiral" unless inflation were soon stopped. He also told the Russian parliament on Tuesday that the first quarter's budget deficit would equal 1 per cent of the country's GNP, or Rbs11.5bn despite a pledge to balance the budget.

Commentators have cast doubt on the projected small size of the deficit.

● President Yeltsin yesterday suspended all import restrictions and declared Russia open to foreign investment, Reuter reports from Moscow.

A government resolution said customs tariffs were suspended with effect from January 15. A new customs regime would be drawn up, with a view to introduction on April 1.

Mr Yeltsin was also due to sign a decree allowing every citizen or organisation to trade at any place in any goods, except those banned for sale, without needing to obtain permission from the authorities.



A Danish air force pilot banks his jet above the training ship Danmark in a farewell flight marking the closure of Karup air base as part of national defence cuts

Bonn will resist G7 pressure to ease economic constraints

By Quentin Peel in Bonn

GERMANY will argue that its rising labour costs prohibit any relaxation in its strict economic and monetary stabilisation measures at this weekend's meeting of finance ministers of the Group of Seven (G7) industrialised countries.

Conscious of the likely pressure from the US and other G7 members for action to revive the world economy, German officials insist that any return to the "Stop-Go" policies of the past would be even more damaging to business confidence than a failure to take action.

Mr Theo Waigel, the German finance minister, is also likely to defend the German Bundesbank's priority of monetary stability, even though officials in Bonn feel that last month's half percentage point rise in interest rates was excessive. At its fortnightly board meeting in Frankfurt yesterday, the central bank took no action to modify its move.

The attitude in top German government circles is that the slowdown in the world economy is worrying, but it is not in danger of slipping into worldwide recession. As for the German economy, in spite of a slowdown from 3.2 per cent growth in 1991 to a forecast 2 per cent this year, "our underlying growth remains robust", a senior official said yesterday.

The principal German worry is the underlying rise in unit labour costs, coinciding with a stormy round of wage negotiations which could lead, next week, to strikes in both the steel industry and banking. They point to the OECD's December forecasts, showing that, of the G7 countries, only Japan and Germany are facing rising unit labour costs.

The government's annual economic report, to be submitted to the cabinet next week, forecasts wage rises of around 5 per cent in the coming year in west Germany - although trade union demands are running at up to 10.5 per cent. Including wage rises in the east of between 30 and 35 per cent, overall wage costs could go up 9.5 per cent, it says.

Mr Waigel will be arguing at the G7 meeting that confidence and stability remain of paramount importance for the world economy. A crucial factor in maintaining confidence will be success in the Uruguay round of trade liberalisation talks in the GATT.

Officials also point to the fundamental problems of the US economy - although not so much at the precise budget deficit, but rather at the low level of savings. "We are not ignoring the US deficit problem," an official said. "We are still concerned, but it is not the fundamental problem. Nobody can avoid telling the US that they must save more: that is what the US needs itself, and that is what the world economy needs. Deficit financing for consumption would be dangerous. The US budget must be looked at for its effect on productivity and growth."

Half a million men sign up for Ukraine's army

By Chrystia Freeland in Kiev

UKRAINIAN defence officials said yesterday they had made great advances towards creating their own army but had not yet settled several contentious issues over the division of the Black Sea Fleet.

Lt-Gen Ivan Bizhan, the deputy minister of defence, said 270,000 soldiers had sworn allegiance to Ukraine, about a quarter of the 1.3m Soviet military personnel stationed in Ukraine. Another 240,000 officers and men of Ukrainian descent serving outside Ukraine had said they wanted to be moved to Ukraine.

He said three meetings between Ukrainian and Commonwealth military authorities had largely resolved the prickly question of what constituted the strategic forces which should remain under Commonwealth control.

The minister said that by 1994 all strategic nuclear weapons would be removed from Ukraine and no strategic Commonwealth forces would be stationed there.

However, he said there had been no agreement on the division of the Black Sea fleet and there was still some dispute about parachute divisions, military academies, military sanatoriums and dachas and food supplies stored in Ukraine.

Life assurance faces difficult journey across EC borders

By Andrew Hill in Brussels

BUYING life assurance across EC borders will be no easy matter even in the post-1992 single market, according to a study by the main European consumers' organisation. The task will still be hampered by linguistic difficulties, lack of information and inconsistent customer protection rules.

The Bureau Européen des Unions de Consommateurs (Beuc) yesterday called on the European Commission to amend its draft legislation on liberalising the life assurance market and bring contract law into line in the 12 member states. However, as one Commission official commented: "We tried harmonising contract law at the end of the 1970s and got nowhere, because member states weren't able to agree."

The third life assurance directive, which is being discussed, would enable insurance groups to operate freely throughout the EC from the end of this year according to their home countries' rules. The same official stressed yesterday that national authorities' ability to veto "foreign" contracts would be limited.

Beuc points out that fixed-term life assurance in Portugal can cost eight times more than in the UK. Britain, Ireland and France sell the cheapest life assurance; Greece, Belgium and Portugal the dearest.

According to the Commission, the discrepancies are partly due to differing national tax regimes, which will not be affected by the draft legislation.

Beuc also found that insurers were reluctant to adapt to the demands of the single market.

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Unemployment jumps fourfold in Hungary

By Nicholas Denton in Budapest

UNEMPLOYMENT in Hungary quadrupled last year as companies shed labour in the face of recession in both domestic and east European markets.

December saw the largest jump in unemployment since Hungary's economic reforms began. A rise of 55,000 last month took the year-end unemployment total to 406,000, or 8.5 per cent of the workforce.

The official forecast that unemployment will not exceed 580,000 in 1992 sits uneasily with the latest indications that job losses are intensifying.

An impending wave of bankruptcies is likely to reinforce the trend, although the recession is set to ease. Gross domestic product is officially expected to stabilise in 1992 after falling about 8 per cent in 1991.

The immediate political fallout from rising unemployment has been contained by a widespread public perception that many, especially gypsies, abuse the unemployment benefit system.

Italian Senate passes privatisation plans

Italy's Senate yesterday approved plans to raise L15,000bn ($12.6bn) through privatisations this year, writes Haig Simonian in Milan. The plans, pushed through parliament as a decree law following strong political opposition, involve transforming state-owned groups into joint stock companies, prior to their possible sale, and identifying other assets, such as property, which could be sold.

Questions raised over Stolpe's links with Stasi

By Leslie Colitt in Berlin

A SHADOW has been cast over the political future of Mr Manfred Stolpe, prime minister of Brandenburg state, by Mr Joachim Gauck, the German official in charge of the files of the former East German security police, the Stasi.

Mr Stolpe admitted this week to regular contacts over a 30-year period with the Stasi. A Social Democrat and east Germany's most highly-regarded native politician, he has frequently been mentioned as a future German president. He served as the senior lay official of the Protestant church in east Berlin and Brandenburg until the collapse of the communist regime in 1989.

However, Mr Gauck said in an interview yesterday: "Manfred Stolpe will have to do some explaining.... Who cleared him [for contacts with Stasi officers]?" Mr Stolpe's bishop, Mr Gottfried Forck, has said he knew nothing about the contacts.

Mr Gauck stressed that the criteria for being a Stasi informer were not simply whether a person had signed a pledge and received money. The decisive question was whether the relationship was "conspiratorial or open". Both the Protestant church and the public would be asking Mr Stolpe to explain why he had kept his contacts a secret from his superior, Mr Gauck said.

Despite the disclosures, however, Mr Stolpe has attracted widespread support from nearly all the political parties for his past humanitarian work in divided Germany. A spokesman for the Gauck Commission said this week that the Stasi files held nothing which "incriminated" Mr Stolpe.

The east German politician said on Wednesday that he would apply to read his own file. However, it is understood to have been destroyed by the Stasi along with the records of other prominent east Germans.

Green Germany drags Brussels into environmental arena

By David Gardner in Brussels, Quentin Peel in Bonn and John Hunt in London

YESTERDAY'S French government proposals inject a potent factor into EC policy-making on the environment.

The packaging industry and several national governments have been concerned to prevent the European Commission from modelling its forthcoming directive on recycling of packaging too closely on Germany's radical legislation outlined last autumn.

The hostile reaction yesterday to the French proposals from Incpen, the council representing more than 60 international packaging groups, indicates the gulf between industry and governments which now appears to be opening up.

Officials in Brussels see environmental legislation as possibly the most difficult example of framing common rules to bridge the Community's north-south gap.

Measures in this field must encompass both the concerns of the rich, "green" northern countries, such as Germany and Denmark, and those of poorer southern countries seeking to catch up with northern living standards, which see much EC environmental law as an expensive obstacle.

Unless this circle is squared, achieving a common policy will be difficult.

Proliferating national laws on the environment could, Commission officials fear, erect new barriers to competition and trade within the single market.

The German packaging law has already raised complaints that products from elsewhere in the EC will face discrimination inside Germany, and that the sheer volume of recycled packaging will overflow German borders to stifle efforts by its neighbours to get recycling schemes under way.

Yet the latest versions of Brussels' long-delayed plans – still to be approved by the Commission, much

> The challenge is going to be bridging the EC's north-couth divide

less passed into law by the 12 – are less exacting than Germany's rigid standards. Officials say plans now aim to ensure that, within 10 years, 90 per cent of all packaging is reused, recycled or burnt for energy, and at least 60 per cent would have to be reused or recycled.

Earlier drafts set targets of 60 per cent overall "recovery" of the waste and 40 per cent recycling, but over five years.

It also now seems unlikely that Brussels will press for an EC levy on packaging to help fund recycling.

The drive for tough waste and recycling standards is one sign of the environmental pressure emanating from Germany, which is well ahead of the rest of Europe in this field. The west of the country alone produces an annual 80m tonnes of industrial waste, and up to 40m tonnes of household rubbish.

Britain, by contrast, is taking a totally different approach to Germany on waste disposal, based on deregulation rather than new legal measures.

The Environmental Protection Act lays down that local authorities can no longer run a waste disposal site and regulate it as well. The functions are separated and the authorities have to set up companies that operate at arms length to dispose of waste. In fact, many will be putting out the work to the private sector.

A much more vigorous approach has been adopted by Bonn.

In the past year, Mr Klaus Töpfer, the environment minister, has introduced a series of initiatives to force German industry to recover and re-use or re-process increasing proportions of waste.

By 1995, German industry will have to collect 80 per cent of all plastic waste produced, and recycle 80 per cent of that. Similar targets have been set for board and paper packages, and higher standards still for glass, tin-plate and aluminium.

Last summer, Mr Töpfer produced further plans for manufacturers to take back used cars and household electronic appliances.

In the autumn, he proposed a new rubbish surcharge of up to an annual DM10 (£3.40) per head, with special charges of up to DM200 per tonne for industrial waste.

In December, he introduced minimum quotas for re-usable bottles for drinks, and for re-usable packaging to put them in.

At the heart of the recycling effort is the so-called "green spot" system, called Duales System Deutschland (DSD), set up by 440 companies to establish the infrastructure needed to recover and re-use packaging waste.

Companies pay the DSD to have a green spot attached to their products, showing that they can be returned and re-used. The money charged is supposed to pay for the cost of running the scheme.

Ironically, the greatest outcry has come not from German industry, but from foreign companies, fearing they will be disadvantaged on the German market without green spot packaging.

Latest reports suggest that the scheme is working much less well than intended, because of a lack of recycling facilities to receive the packaging.

More than 3,000 companies have signed up to put the spots on some 6bn packages since the scheme came into effect last autumn. By the end of 1992, the number is supposed to have increased tenfold.

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Dunkel argues environmental gains of trade

By David Dodwell, World Trade Editor

GROWING world trade is not ruinous to the environment: on the contrary, an efficient trading system is likely to provide a "vital ingredient" in generating resources needed to ensure a cleaner environment, Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), told a conference in Bangkok yesterday.

Mr Dunkel's address, which at the same time warned of possible trade clashes resulting from a proliferation of different national environmental standards, sets the scene for debate this year on trade and the environment.

At the end of February, Gatt plans to publish a long-awaited report on the subject. The World Bank has also commissioned a study that may be drafted by April. Debate will focus on the "earth summit" being convened by the United Nations in Brazil in June.

Mr Dunkel rebutted complaints that the Uruguay Round of talks on world trade reform did not address environmental issues, insisting that successful completion of the round "was the single most important contribution that Gatt could make in the fields of sustainable development and the environment".

He argued that Gatt's efforts to attack protectionism in agriculture and reduce farm subsidies would not simply correct price distortions, but would produce significant environmental gains by cutting the intensive use of pesticides and chemical fertilisers that underpinned excessive farm production in Europe and the US.

The Uruguay Round would also bring the economies of eastern and central Europe into the world trading system, "giving them access to modern technology and less environmentally-damaging methods of production", Mr Dunkel said.

Mr Dunkel insisted that "a healthy environment and a healthy economy go hand-in-hand".

He nevertheless sympathised with concerns that industries would suffer competitively if they incurred the cost of enforcing strict environmental standards: "The danger is for one country's environmental programme to become another country's trade distortion," he said.

He called on advanced countries to share environmentally sound technology.

LA angers Sumitomo

By Louise Kehoe and agencies in San Francisco

SUMITOMO of America, a US subsidiary of the Japanese company, has accused the Los Angeles County Transportation Commission of cancelling a \$122m (£67.4m) contract to buy railway carriages "for non-business-related reasons".

This comes as the latest demonstration of Americans' growing resentment over the US trade imbalance with Japan.

The contract was for the Green Line, a 23-mile, 14-station line, scheduled to go into operation in 1995, is part of a 30-year, \$150bn mass transport system for Los Angeles County.

Under mounting public pressure to keep jobs and funding in the US, the county transportation commission reversed its December decision to place the contract with Sumitomo, which supplied rail cars for the first stage of the system.

Despite an eleventh-hour plan by Sumitomo to make General Electric of the US a "substantial participant" in its bid for the project, the transport commission voted unanimously to withdraw the contract.

Mr Kenji Miyahara, president of *Sumitomo of America*, said the termination indicated Japan-bashing.

Boeing takes tougher line in Airbus subsidy row

By Martin Dickson in New York

MR Frank Shrontz, chairman of US aircraft manufacturer Boeing, yesterday launched his most comprehensive attack yet on alleged government subsidies to Europe's Airbus Industrie, and warned that American rival McDonnell Douglas must not become an "Asian Airbus", subsidised by Taiwan.

"Airbus and the European Community should understand our position", he said in a speech in New York. "Twenty-one years of subsidy is far too much. Enough is enough."

He repeated a threat of retaliatory action under US law as a "last resort" if the issue could not be resolved through the General Agreement on Tariffs and Trade (Gatt).

The broadside follows five years of slow movement in two cases brought by the US under the Gatt, seeking to prevent EC members from subsidising Airbus – which has overtaken McDonnell Douglas to become the world's second largest civil aircraft manufacturer. The US claims the subsidies total about \$8m (£4.4m) for every aircraft Airbus has sold.

Mr Shrontz dismissed as a "distraction" recent allegations by Airbus that Boeing and other US aerospace groups get indirect subsidies from the US in the form of military and other contracts. Mr Shrontz said this ignored the fact that British, French, German and Spanish companies had received more than twice as much business from their governments as had Boeing.

He also expressed concern over the recently announced plan for Taiwan Aerospace, a government-backed business, to take a 40 per cent equity stake in McDonnell Douglas's civil aircraft business.

He said the new entity might become "another subsidised competitor, shielded from market reality".

If development funds for McDonnell Douglas were provided by Taiwan, he said, it would be creating " an Asian Airbus where, once again, deep government pockets eliminate the need for disciplined business decisions".

Peru offers landlocked Bolivia 'corridor' to port

By Sally Bowen in Lima

LANDLOCKED Bolivia's 113 year-old dream of an exit to the Pacific is set to become reality today when Bolivian and Peruvian presidents Jaime Paz Zamora and Alberto Fujimori meet in the southern Peruvian port of Ilo to sign a bilateral agreement.

Peru's President Alberto Fujimori has made an offer of free transit for Bolivian products through a "corridor" leading to Ilo from the Bolivian frontier town of Desaguadero. Under Mr Fujimori's proposal, Bolivia would be permitted to import and export via Ilo with no customs formalities; Ilo would become a free zone with full industrial and commercial facilities; and Bolivians could even purchase their own seaside residences in a new tourist resort on Peruvian soil.

The Peruvian proposal has been enthusiastically greeted in Bolivia, which has been landlocked since it lost territory to Chile in the 1879 War of the Pacific.

In return for the concessions, Peru would gain access to the Atlantic, via the network of roads and railways which link Desaguadero to the Bolivian capital, La Paz, and thence to Brazil, Paraguay and northern Argentina. Ilo, which is less than 300 miles from La Paz, hopes to lure lucrative Bolivian trade away from the northern Chilean ports of Arica.

President Fujimori's plan gives priority to Ilo as the principal port for Peruvian and Bolivian (and ultimately Brazilian) exports to the Pacific Rim countries. It is a deep-water port with good basic infrastructure but will require substantial investment.

The Bolivian president called the meeting one of "transcendental importance". "This is a signal to the rest of the continent," he said, "that there's a new way of managing affairs."

US steel makers to file on anti-dumping

By Barbara Durr in Chicago

UP TO 50 US steel makers are soon expected to file anti-dumping and countervailing duty cases against their foreign competitors.

Mr Frank Luerssen, chairman of Inland Steel in Chicago, said that the steel makers would be filing a "whole spectrum" of trade cases when Washington's Voluntary Restraint Agreements (VRA) lapse with 28 countries. These are scheduled to expire in March.

The tactic, said Mr Luerssen, was to pressure for a multilateral steel arrangement because "what we're seeing under the VRAs is widespread dumping". He complained that US steel prices have been consequently weakened.

VRA's are informal arrangements through which exporters voluntarily restrain certain exports, usually through quotas, to avoid economic dislocation in an importing country.

He declined to specify what countries or products would be the targets of such cases. VRAs currently apply to some 75 per cent of US steel imports. Mr Luerssen said that the cases now being prepared would be those "with a high probability of success".

The companies used the filing of trade cases to win the VRAs in 1984.

Critics of US steel quotas say that it is not imports that are hurting large integrated US steel mills. Imports accounted for some 18.2 per cent of the US market 20 years ago and just under 18 per cent last year. They argue that efficient US mini-mills have been doing far more harm. Mini-mills' market share has risen to 28 per cent in 1991 from 5 per cent two decades ago.

Transatlantic dispute moves into top gear

European gear-making exporters are fighting back in the US, writes Andrew Baxter

AFTER more than a year of shadow-boxing, the gloves are off in a transatlantic row that has turned the arcane world of gear-making into an issue fit for Washington's finest lawyers and lobbyists.

The debate over the effect of imports on the \$15bn (£8.2bn) US gear market moved out of neutral last year after the Gulf conflict focused attention on the US industrial infrastructure and its ability to mobilise for war.

Now, Eurotrans, the organisation representing nine associations of European gear makers, has delivered a blistering response to the November decision by the American Gear Manufacturers Association (AGMA) to seek a US Commerce Department investigation into the impact of imports on national security.

Its 57-page document, filed with the Commerce Department a few days ago, pulls few punches in its descriptions of AGMA's petition under the little-used Section 232 of the 1962 Trade Expansion Act. These range from "misleading" and "incorrect" to "severely flawed" and even "nonsense."

The central issue in a Section 232 petition is whether imports are affecting a US industry with significant national security implications. The question, in military jargon, is whether domestic producers can meet targets for "surge and mobilisation" – doubling defence production in six months, and quadrupling production in 24 months?

AGMA believes there is a case to answer. Mr Joe Franklin, executive director, says: "In 232 petitions you find some cases are economic – the Washington jargon is that they are 'wrapped around the flag'. But my analysis in the gear industry is that we truly have a national security issue. There are trends in the use of alternative suppliers that reduce the US industry's ability to respond."

Eurotrans counters that the US has existing and potentially available resources sufficient to meet defence requirements. Gear imports, it says, do not contribute significantly to critical defence products.

The initial response to the petition from Europe was almost dismissive. But, says Eurotrans president Michael Opperman, it was realised that "a lot of what the Americans were saying is wrong."

Concern was heightened by the possible cumulative effect on US legislators of the AGMA petition, the 1991 Commerce Department national security assessment of the industry, and the 1990 International Trade Commission investigation documenting the decline in the US industry.

"These three important documents would be floating around Washington for years to come," says Mr Opperman. "The answer would always be that imports were at fault."

The European and US submissions to the Commerce Department paint very different pictures.

AGMA speaks in more temperate language of an industry that, in parts, has never recovered fully from the recession of the early 1980s, suffers from predatory pricing by foreign producers, and lacks their competitive advantages in everything from access to capital to government support for research and development.

Opperman: strident

Eurotrans, in its potent mix of strident language and solid statistics, says that the US aerospace gear sector leads the world but criticises many industrial gear makers for complacency. It also produces evidence of relatively low spending on research and training, and outdated manufacturing technology. It bitterly denies dumping products in the US and says US producers have the advantage over the Europeans on both the cost of, and access to, capital.

The two sides cannot even agree on the level of imports – as so many gears are "embedded" in other products. While AGMA says imports account for 30 per cent of the US commercial (non-defence) market, Eurotrans says the figure is only 18.2 per cent.

The European side also berates AGMA for ignoring the effect of currency fluctuations on the rise in imports between 1984 and 1988, and pours scorn on the US contention that the automotive gear sector could not be converted to defence work for technological reasons.

The two documents are the opening salvoes in a lobbying campaign which should see a presidential decision on what action to take, if any, in about nine months.

A wide range of options is available, including voluntary restraint agreements (VRAs) limiting imports.

However, these are being phased out in other areas, and the AGMA's petition could face an uphill battle for controls on imports.

Battle for hearts and minds in Central Asia

Fundamentalist and mainstream Moslems, writes Tony Walker, are fighting for influence in new nations

NOWHERE is the creation of a clutch of new central Asian states from the old Soviet Union being watched more obsessively than in the capitals of moderate Arabs fearful that the balance of influence in the Islamic world may be altered to their disadvantage.

While the moderates held sway at a recent meeting in Dhakar of the Islamic Conference Organisation, they cannot be at all confident that Islamic institutions will remain firmly in their grip in light of a restless Iranian challenge and the addition of new and possibly militant members.

Beyond worries about control of Islamic institutions, the moderate Arabs, plus Turkey, are also concerned that the newly formed Islamic states of central Asia will provide moral and political support for fundamentalists throughout the Middle East at a time when political Islam appears again to be on an upswing.

Intriguingly, Egypt and Saudi Arabia have joined in an attempt to counter developments in the former Soviet republics possibly detrimental to their own interests and to Sunni (mainstream) Islam. Saudi money and Egypt's abundant *ulema*, or religious guides, are being mobilised to spread the word in central Asia in competition with the militant Shi'ism of Iran.

Religious notables from the former Soviet republics have also been invited to Cairo for what is known as "Preacher's Day" early next month, and Islamic teachers will participate in courses on contemporary Islam run by the al-Azhar religious authorities in the Egyptian capital.

Mr Mohammed Mahjoub, Egypt's religious affairs minister, was quoted last week as saying pointedly that "we are approaching a very critical stage. In this stage, Egypt, representing religious moderation, must lead in showing the magnanimity of Islam."

Mr Mahjoub's remarks coincided with worrying (for Arab moderates) developments in Algeria, where the military felt obliged to cancel democratic elections that would have resulted in an overwhelming victory for the Islamists.

The constitutional coup in Algeria and reaction to it across the Middle East exposed tensions and differences between moderate and militant régimes in the wake of the Gulf crisis, adding further to the region's unsettled mood.

Algeria's new military rulers reacted bitterly to criticism voiced by Iran's supreme leader, Ayatollah Ali Khamenei, who declared that Algerian Moslems would defeat "Satanic plots".

Algiers recalled its ambassador to Tehran and asked Iran's representative to leave. Algeria also announced that it would stop representing Iran in the US because of the "virulent Iranian press campaign seeking to hit (Algeria's) vital interests".

The argument between Algiers and Tehran might be dismissed as one of the region's periodic spats, but Iran efforts to play a more conspicuous role regionally invests it with greater significance.

Mr Fahmi Howeidi, Egypt's leading Iran specialist, believes, however, that worries among moderate Arabs about Iran's intentions are exaggerated. He says its present activism should be viewed against a background of coming elections for Iran's parliament.

Mr Howeidi says that manoeuvring for control of the Majlis, which was elected in 1988 and therefore the militant sway of the late Ayatollah Khomeini, has obliged the pragmatic President, Mr Ali Akbar Hashemi Rafsanjani, as the upholder of the Ayatollah's crusading vision, to act in order to outflank the extremists and secure victory for his own people in the election.

The Egyptian specialist said it would make no sense for Iran, which has invested much recently in wooing moderate Gulf régimes and improving its profile in the west, to appear to be fomenting trouble in the Arab world.

But, while concern about Iranian intentions might be exaggerated in Arab capitals, it seems inevitable that competition in central Asia will cause tensions with both the moderate Arabs and with Turkey, which is also understandably staking its claim for influence.

Iran's own concern about developments in the six new states to its north and especially in neighbouring Azerbaijan (the only one of the six where Shia predominates) stem partly from worries about possible separatist tendencies of its own minorities.

While Turkey was the very first country to recognise Azerbaijan, Iran delayed. This caution also extended to Tehran's recognition of the other newly independent states.

Evidence of Iranian sensitivity about developments on its borders came recently with criticism in the English-language Tehran Times, close to President Rafsanjani, accusing Turkey of seeking to inflame nationalist sentiment in central Asia. Diplomatic waryness has not, however, stopped Iran from seeking actively to woo these states.

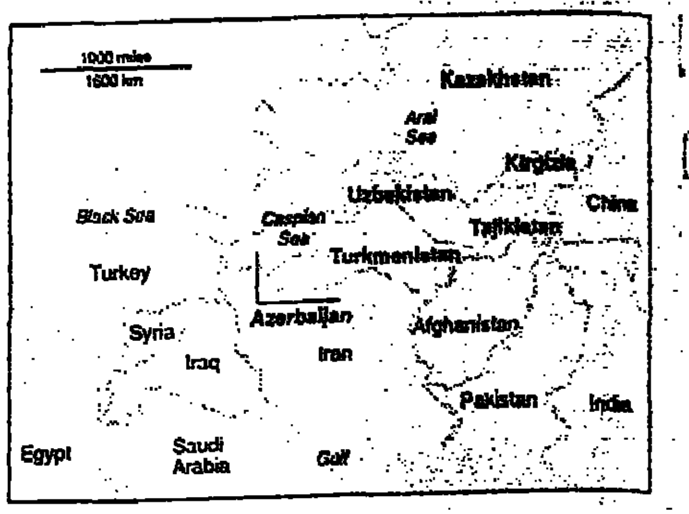
In December, Mr Ali Akbar Velayati, Iran's foreign minister, visited all six: the five Moslem-dominated republics of Azerbaijan, Turkmenistan, Tajikistan, Uzbekistan and Kirizia, and half-Moslem Kazakhstan.

Arab moderates not only want to try to ensure that the newly formed central Asian states become part of a pragmatic and western-leaning Islamic axis, but, perhaps more importantly, they wish to counter transfers of advanced military technology, and possibly even nuclear know-how, to Middle East radicals.

Writing in the Kuwaiti daily Sawt al Kuwait, Mr Hassan Abu-Taleb, of Cairo's al Ahram Centre for Political and Strategic Studies, voiced some of the alarm felt when he observed:

"In the chaos accompanying the disintegration of the communist superpower, the chances are high that what lies ahead is a period of uncontrollable nuclear proliferation that could transfer the arms to a number of other states and – even more dangerously – to 'unknown groups' that could use them to blackmail the entire world."

Other Egyptian commentators have taken up a similar theme. The weekly publication Rose el-Yousef, commented that: "Whereas the Arabs once needed to deal only with the central Soviet authority, they must now establish urgent and energetic contacts with all the independent states... If we don't move now, those (Iran and Turkey) will beat us to close relations with the new countries."



Japanese money supply growth at record low

By Emiko Terazono in Tokyo

JAPAN'S money supply growth in December fell to a record low of 2 per cent compared to a year earlier, the Bank of Japan said yesterday.

The low rate reflects sluggish demand for loans from companies which are cutting expenditure and investment in response to the cooling of the economy and commercial banks' reluctance to lend to hard-pressed sectors such as property groups.

On a month-on-month basis, money supply fell 5.4 per cent, the first decline since February last year. The figures are likely to increase pressure on the Bank of Japan for a further cuts in interest rates.

"Looking at the figures, the Bank of Japan itself is probably feeling the need for lower interest rates as well," said Mr Yuji Shimanaka, economist at Sanwa Research Institute, the research arm of Sanwa Bank.

Yesterday's preliminary figures cap off a year in which money supply growth declined steadily because of the squeeze on borrowing applied by the Bank of Japan for two years to mid-1991. A cut in lending by commercial banks in line with capital asset ratio guidelines of the Bank of International Settlements also contributed to the fall in liquidity.

The central bank implemented its tight monetary policy in 1989, to eliminate the speculation "bubble" in the real estate and stock markets caused by the loose credit policy in the late 1980s.

While the Bank of Japan finally responded to calls from the government and corporations to ease credit by cutting the official discount rate three times in late 1991, money growth has failed to pick up. Money supply for 1991 grew by a record low 3.6 per cent from the previous year, down sharply from an 11.7 per cent rise in 1990.

A Bank of Japan official attributed the fall in monetary growth to a decline in corporate demand for funds and the shift in banks' lending stance "from quantity to quality".

However, some analysts see a need for substantial growth in money supply for economic growth acceptable for the government. Effects of the half-point cut in the official discount rate at the end of last year, to 4.5 per cent, are likely to take longer to appear than expected, as potential borrowers await a further decline in lending rates and funds from commercial bank deposits shift out to postal savings.

"The Bank of Japan will need to lower rates aggressively to achieve targeted economic growth," said Mr Robert Feldman of Salomon Brothers, the US broker. He said a seasonally adjusted annual rate of over 15 per cent was necessary to support real GNP growth of over 3 per cent for the year.

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A supporter of the African National Congress waving the flag from a statue of Louis Botha outside parliament in Cape Town

Algerian economic rescue plan drawn up

By Robert Graham and Francis Ghilès in Algiers

THE Algerian government has drawn up an emergency plan to revive the economy, channelling funds into industry, public works projects and housing.

The authorities have had to draw down on precious resources and stimulate growth faster than originally intended in order to satisfy the disaffected electorate, half of whom voted for the Islamic Salvation Front (FIS) in the recently annulled elections.

Economic recovery is regarded by senior officials as a central element in retaining social stability and drawing support away from the FIS. The FIS is credited with having drawn much of its support from cities, where youth unemployment is more than 25 per cent and the housing shortage is acute.

To increase stagnant output and boost social spending, the government will raise imports from \$7.6bn (£4.2bn) to \$9bn. Of this, \$200m will be added to last year's food import bill of \$1.7bn. Imports of intermediate goods for industry will increase from \$2.6bn to \$3.2bn.

The authorities want to streamline bureaucratic procedures blocking the use of multilateral credits, some dating from the early 1980s.

The plan, expected to be announced by the weekend, is operating with tight constraints imposed by the country's heavy burden of debt service and scarce foreign reserves. The authorities are counting on a reduction in the annual cost of servicing medium- and long-term debt from \$9.3bn last year to \$7.6bn.

Essential to this calculation is the completion of the \$1.5bn refinancing package with the commercial banks, under negotiation for 18 months. The completion of this refinancing was being held up by Bankers Trust before elections in the second round of Algeria's first multi-party elections were annulled.

The US bank is understood to have bought some \$56m worth of Algerian paper on the secondary market and is unhappy to see the redemption date of this paper pushed back – inevitable if the refinancing package goes through.

However, Algerian authorities are concerned that political uncertainties could now influence other banks and so delay the arrival of funds. The outcome of these negotiations could affect further disbursements of the EC's Ecu400m (£285.2m) loan and in turn condition the government's attitude towards \$23.5bn foreign debt as a whole.

Until now successive governments have been adamant in their refusal to contemplate rescheduling or default.

Even with this assistance, the debt burden will account for more than 60 per cent of the \$11.3bn income anticipated from 1992 sales of oil, gas, condensates and refined products.

For the basket of these four items, the Finance Ministry has calculated an average price equivalent to \$21 a barrel, and income from hydrocarbons sales will be down \$1bn overall on 1991.

Net hard currency reserves stand at \$1bn, plus \$2bn in gold which previous governments have refused to touch.

Another key to the emergency plan will be the attitude of international oil companies to the two-month-old amendments to the 1986 hydrocarbons law which allowed foreign companies to enter joint ventures in already developed oilfields. Some 20 companies have expressed an interest and their participation would immediately inject much-needed hard cash.

Three killed as Hindu 'unity tour' enters Punjab

By K K Sharma in New Delhi

THREE members of an advance party of the Hindu revivalist Bharatiya Janata Party's *ekta yatra* (unity tour) were killed yesterday in an attack by Sikh militants while they were going through Punjab en route to Srinagar, capital of Kashmir. Three people were killed and seven injured when the militants fired at them from cars.

The *ekta yatra* is led by Mr Murli Manohar Joshi, the president of the BJP. It is made up of a caravan of buses and other vehicles that has been through 12 states in the last 45 days, stressing the dangers of terrorism and separatism and promoting what Mr Joshi calls the unity of India under its Hindu culture. Critics have called the march a provocation for India's minorities, and the government has expressed fears it could ignite religious riots in this volatile nation.

The caravan is scheduled to reach Srinagar on Sunday, India's Republic Day, when the BJP plans to defy the Sikh militants demanding independence and hoist the national flag.

Before he left New Delhi yesterday, Mr Joshi was warned by Mr S B Chavan, minister for home affairs, that he would be travelling through territory in which militants in both Punjab and Kashmir are active. Mr Chavan asked him to reduce the size of the 210-vehicle caravan, since he was unable to guarantee security. Sikh and Kashmiri militants, demanding independence for their respective states, have vowed to attack the caravan and to kill Mr Joshi.

Mr Joshi will be travelling through Punjab today and the militants' attack on an advance party of the caravan has raised fears that the *BJP* president and his party will also be attacked.

Even more dangerous is the long winding road from Jammu to Srinagar, which the caravan will negotiate in the next two or three days.

Reuter adds: In New Delhi, the BJP said it would decide today whether to accept official advice to reduce drastically its crowd of 50,000 supporters for this stretch of the journey.

S African parliament on sidelines

By Patti Waldmeir in Cape Town

SOUTH AFRICA'S race-based parliament, which begins sitting today in Cape Town, is rapidly becoming irrelevant to the business of government.

If the African National Congress (ANC) has its way, over 50,000 people will parade through the streets of Cape Town today to demand its dissolution. They need hardly bother.

For as South Africa advances towards a power-sharing interim government, parliament has, in effect, been sidelined. Legislation aimed at putting a multi-racial government in place will be drawn up at the Convention for a Democratic South Africa (Codesa), the multi-party negotiation forum which is becoming the focus of real power in South Africa.

Indeed, parliament plans to sit only three days a week this year to allow MPs more time to attend Codesa, which is charged with negotiating the dissolution of the parliament itself. The current tricameral parliament includes whites, coloureds and Indians but excludes blacks.

Not surprisingly, today's ceremonial opening of parliament is likely to reflect the institution's diminished status. Previously, President F W de Klerk has chosen the opening to announce reforms which have changed the course of South African history: in 1990, the legalisation of black political opposition and last year the abolition of apartheid's bed-rock legislation, the Population Registration Act.

His aides say he will make no such leap forward in today's speech.

He is expected to stress the achievements of the National party government elected in September 1989: South Africa's return to international sport, the normalisation of international diplomatic and trade relations and the limited return to international capital markets.

Mr de Klerk will no doubt hope to boost the morale of whites, shaken by a three-year recession, sharply rising crime and uncertainty about the political future. In the next 12 months, he is likely to seek white support in a referendum: they will be asked to approve the creation of a multi-racial interim government.

Privately, Nationalist officials and ministers fear Mr de Klerk may lose such a referendum, given the depth of white fear and opposition to reform – which has recently prompted a series of bombs at multi-racial schools and other public buildings. Much depends on what form of power-sharing is offered to whites: Mr de Klerk has said he will bring blacks into parliament and the cabinet to form a government of national unity to serve for five years or more – but so far the ANC has rejected this.

None the less, the momentum towards interim government seems stronger by the day. Real negotiations on the issue will only begin at Codesa early next month. However difficult they may prove, it seems likely that this year's session of parliament will be the last to exclude blacks.

● Mr de Klerk is expected to visit London and other European capitals early next month. While in Britain he is expected to attend the England-Ireland rugby match at Twickenham as a guest of Mr John Major, the prime minister.

Hanan Ashrawi, spokeswoman for the Palestinian delegation at Middle East peace talks yesterday told the press that the delegation had not yet decided whether or not to attend the next round of talks, scheduled to be held in Moscow next week. A bodyguard looms behind Mrs Ashrawi at the Jerusalem press conference.

Israel tries to placate US over loan guarantees

ISRAEL, anxiously awaiting word on its request for \$10bn (£5.5bn) in US loan guarantees, has told Washington it is committed to US-backed Middle East peace efforts, Reuter reports from Jerusalem.

Mr Yitzhak Shamir, the prime minister, sent a letter to Mr James Baker, the US secretary of state, two days ago pledging to forge ahead with peace talks despite the possibility of an early general election, a Shamir aide said yesterday.

The letter did not mention the loan guarantees which Israel fears Mr Baker will link for the first time to a curb on Jewish settlement of occupied Arab land. Israel needs the guarantees to help raise an estimated \$20bn in foreign loans over the next five years to settle an influx of Jews from the former Soviet Union.

The figure is contained in a report which Mr Zalman Shoval, the Israeli ambassador, was due to give Mr Baker yesterday. Their meeting, however, has been put off until today when the US is expected to respond formally to the Israeli request.

"We believe that we have progressed at a respectable pace," Mr Shamir wrote of the three rounds of Arab-Israeli talks since October.

Mr Shamir, who torpedoed Mr Baker's first attempt to convene peace talks two years ago, has since tried to cast himself as peace-maker, partly to placate Washington which used the loan guarantees to prod him to the negotiating table.

Washington is expected to give less than the full amount and insist that the money is not used directly or indirectly to increase the 100,000 Jews already living in guarded settlements amid 1.75m Palestinians in the territories Israel captured in 1967.

Investment in Malaysia falls

By Lim Siong Hoon in Kuala Lumpur

PROPOSALS to restrict the level of foreign participation and shareholdings have led to a large drop in the number of applications for manufacturing ventures in Malaysia. The value of inward investments last year fell by 52 per cent to M\$23.6bn (\$8.7bn) from M\$48.8bn in 1990.

Ms Rafidah Aziz, international trade and industry minister, attributed the drop to the unusually large number of investment applications in previous years and to the uncertainty facing foreign investors.

Proposed investments with majority foreign shareholding dropped from M\$13.2bn in 1990 to M\$2bn last year, while those wholly foreign-owned fell from M\$13.7bn to M\$10.9bn.

Last year, the budget included tough qualifying rules and shareholding requirements for foreign investors and abolished tax holidays.

NEWS IN BRIEF

North Korea pleased with New York talks

NORTH Korea said yesterday that its highest-level contacts with the US since the Korean War had been satisfactory and were held in an "open-minded" atmosphere, Reuter reports from Tokyo.

The official Korean Central News Agency said the two sides had discussed the issue of nuclear weapons on the Korean peninsula in their meeting in New York on Wednesday.

It said they had also discussed improved ties between Pyongyang and Washington and other matters of common concern.

The meeting – the highest-level one since the Korean War ended in 1953 – was between the US under secretary of state for political affairs, Mr Arnold Kanter, and the assistant secretary of state for East Asian affairs, Mr Richard Solomon, and a delegation led by Mr Kim Young Sun, the ruling Communist party's secretary for international relations.

S Africa-Angola pact

South African foreign minister Pik Botha arrived in the Angolan capital, Luanda, yesterday to sign an agreement that will lead to the two former enemies exchanging diplomatic missions, the Portuguese news agency, Lusa, said, Reuter reports from Lisbon.

South African government sources in Cape Town said earlier this week that trade links were on the horizon, including sales of Angolan oil.

Zaire coup attempt foiled

Tanks guarded Zaire's radio building yesterday hours after a group of rebel soldiers failed to overthrow President Mobutu Sese Seko, Reuter reports from Kinshasa.

Crowds had surged into the streets of Kinshasa to celebrate what they thought was the end of Mr Mobutu's 27-year rule.

Officers at the recaptured Voice of Zaire said two soldiers were killed in the putsch. Broadcasters said just 29 men of the 31st paratroop brigade were thought to have been behind it.

Congo sets poll dates

Congo's transitional assembly yesterday fixed dates for the central African country's first free elections, Reuter reports from Brazzaville. The High Council of the Republic (CSR), meeting just five days after disgruntled soldiers occupied broadcasting stations to draw attention to grievances, set presidential elections for June 14 and a second round for June 28. Legislative elections were scheduled for April 26 with a second round on May 10.

US considers big cuts in land and sea missiles

By Lionel Barber, US Editor, in Washington

THE US is considering deep new cuts in multiple-warhead missiles based on land and at sea, in an effort to prompt similar reductions by the four nuclear-armed former Soviet republics, led by Russia.

President George Bush may announce his plan to cut the core of the US nuclear force in his State of the Union address to Congress next week, the launch-pad for his re-election campaign this year, US officials yesterday.

The latest US proposals reflect rising concern over the collapse of the former Soviet Union, the risks of nuclear proliferation, and the desire to encourage the republics to preserve central command and control of their arsenal of 27,000 nuclear warheads.

The New York Times reported yesterday that the White House and the Defence Department are drawing up plans to cut or eliminate multi-warhead long-range missiles, including the land-based MX and the older Minuteman. Some of the cuts would be unilateral; others would depend on the response of Russia, Belarus, Kazakhstan and Ukraine, the nuclear-armed republics.

It was unclear yesterday whether Mr Bush intends to make concessions on sea-based multi-warhead strategic missiles, an area where the US has jealously guarded its technological superiority. One complicating factor is that a US offer could put pressure on the British and French governments to place their own nuclear systems on the bargaining table.

If Mr Bush agrees to cut the Trident I and newer Trident II missiles, "it would be a dramatic move," said one US official yesterday.

Last September, Mr Bush announced a combination of unilateral reductions and proposals for negotiated reductions in the air, sea and land-based US nuclear arsenal. Hailed at the time as dramatic, the US offer risks being overtaken by the collapse of Soviet military power and the virtual disappearance of the Soviet threat.

In testimony to Congress this week, two top intelligence officials, including Mr Robert Gates, the head of the Central Intelligence Agency, said Russia was drastically cutting defence spending and posed virtually no threat to the US. Russian military procurement in the first quarter was expected to drop by 80 per cent, the officials said.

The nuclear cuts under consideration were first mooted by Mr James Baker, US Secretary of State, during a visit to the former Soviet Union at the end of last year. He is due to visit Moscow early next week, when Mr Bush is to give his State of the Union address.

Chile peso revalued to trim reserves

By Leslie Crawford in Santiago

CHILE'S central bank yesterday revalued the peso by 5 per cent against the dollar, in an effort to stem a build-up of foreign exchange reserves which was hampering both monetary management and the fight against double-digit annual inflation.

The central bank had been resisting a revaluation to keep exports competitive, but a flood of dollars – from direct foreign investment and a record $8.9bn in exports last year – forced the bank to buy hundreds of millions of dollars to keep the exchange rate low.

The frequent interventions became too costly for the central bank and international reserves shot up to $6.64bn, enough to cover 11 months of imports. They also endangered the bank's monetary targets.

The authorities are resisting calls to free the exchange rate and will continue with their "crawling peg" adjustment of the currency. But they will allow the peso/dollar rate to move 10 per cent either side of a central rate that will, as before, be adjusted daily in line with inflation. Previously, the allowed fluctuation was 5 per cent.

The revaluation of the peso will make imports cheaper and help the central bank to lower inflation to a target of 15 per cent by the end of 1992, from 18.7 per cent last year.

Also, Mr Alejandro Foxley, finance minister, announced measures intended to ease the dollar pressure on the economy and increase investment:

- Foreign investors will now be able to repatriate capital after one year instead of three.
- Chile's private pension funds, the country's largest institutional investors with almost $10bn in assets, will be allowed to invest 1.5 per cent of their portfolios abroad.

The Chilean economy grew by 5.5 per cent in 1991 – its eighth consecutive year of growth. All forecasts agree the economy will repeat this strong performance in 1992.

US middle-class voter wooed

Lionel Barber on the not-so-discreet pitch for the bourgeoisie

EARLY days yet in the 1992 presidential election campaign, but one common theme has emerged: the American Middle Class is being treated like royalty.

Scarcely a day passes without President George Bush, or one of the five Democratic Party candidates seeking to stand against him in the November poll, proferring new-fangled tax breaks or federal entitlements to the millions of Americans who consider themselves middle-class.

Electoral mathematics make this inevitable. At least 70 per cent of the population fit the middle-class label, ranging from the mechanic earning $19,000 a year to the lawyer making $90,000. The difference this year is how explicit the pitch has been.

Governor Bill Clinton of Arkansas, the early front-runner, laments the "forgotten middle class" – a conscious echo of former President Richard Nixon's televised appeal to the "Silent Majority" over the heads of the Vietnam war protestors who ringed the White House in 1969. Mr Clinton's economic agenda includes a 10 per cent cut in middle-class taxes, a new $800 tax credit per child, and an (ill-defined) pledge to make health care available for every American.

Senator Bob Kerrey of Nebraska, the Vietnam war hero, supports similar tax relief for the middle class, supported by a comprehensive reform of the health care system which would extend coverage to more than 37m Americans who are uninsured.

Former Senator Paul Tsongas of Massachusetts opposes an across-the-board middle-class tax cut, calling it "twinkie economics." But he is still targetting middle-income voters, mixing "Buy American" appeals with old-fashioned government-backed industrial policy to restore prosperity and guarantee jobs.

Senator Tom Harkin of Iowa alone has sought out low-income workers, the unemployed and disadvantaged. He has cast himself as an old-fashioned Roosevelt-style Democrat who supports huge public works programmes (and a heavy dose of protectionism and Japan-bashing).

His message has fallen flat. With just four weeks remaining until the key New Hampshire primary election, he is counting on a late TV campaign to turn the race around.

The Democrats have not discovered the discreet charm of the American bourgeoisie by accident. Having lost five out of the last six presidential elections, strategists and candidates seem finally to have grasped the cost of the party's liberal bias.

George McGovern, Walter Mondale and Michael Dukakis (from left) have all bitten the presidential dust in the last 20 years. Can Bill Clinton (right) win this year?

This has seen candidates buried by Republican charges that they are soft on crime and communism and prone to helping blacks and other minorities at the expense of law-abiding whites.

Put differently, Mr Clinton, who comes from a conservative southern state, understands he must counter Republican efforts to cast him in the same mould as Senator George McGovern (1972), Senator Walter Mondale (1984) and Governor Michael Dukakis (1988) – a big-spender interested in funnelling tax-payers' money to the poor at the expense of the middle class.

Two factors should help the Democratic cause in 1992. The absence of the Rev Jesse Jackson, civil rights activist, defender of the downtrodden and showman extraordinaire, should broaden the party's appeal.

Mr Jackson correctly observes that he won more than 7m votes in the Democratic primary elections in 1988; but the more pertinent (albeit unknown) question is how many middle-class voters his ubiquitous presence cost the Democrats in the 1984 and 1988 general elections.

Democrats may also take heart from the weak US economy. In the last weeks of the 1988 campaign, Governor Dukakis started to catch up with Mr Bush, then Vice President, by declaring himself on the side of "working families." Government, he said, should make good on the deficiencies of the Reagan/Bush era by raising the minimum wage, guaranteeing health and child care, helping to finance affordable housing and college education.

In 1988, when the US economy was still growing, the message (and the candidate) was not alluring enough; in a stagnant economy, where polls show Americans feeling insecure about jobs, crime, and the direction of the country, the message could prove attrative if put forward by an attractive candidate.

Democrats cannot, however, afford to place all bets on the economy.

If Mr Bush's advisers are correct, tangible signs of a recovery should be evident by the summer; this would immediately weaken the standard argument that the Democrats can make middle-class Americans more secure with "safety net" programmes.

On closer inspection, some of the Democrat candidates' current proposals are less mouth-watering than they first appear. Mr Clinton's middle-class tax cut would be financed by a new top tax rate of 38.5 per cent (up from the current 31 per cent) on incomes of $90,000 for single people and $120,000 for heads of households. This leaves the Arkansas governor open to charges that he is robbing Middle Class Peter to pay Middle Class Paul.

Equally, Democrat proposals for offering comprehensive health care to all Americans carry a huge-price tag – perhaps as high as $60bn.

This was enough for Mr Patrick Buchanan, the Republican challenger to President Bush in New Hampshire, to admit candidly to pensioners last week that he was not ready to support any health-care plan, even though the need for reform was pressing.

As the 1992 campaign gets underway, candidates' spending plans are certain to be scrutinised more heavily by the press and public alike.

There is therefore a fair chance that voters will understand that tax breaks and other giveaways promised by the politicians now will be financed later by – the middle class.

Increased investment in Mexico

MEXICO received $15.02bn in new foreign investment last year, a 54 per cent increase on 1990, according to figures calculated by the Monterrey newspaper, El Norte, writes Damian Fraser in Mexico City.

The figures are difficult to calculate because of the need to distinguish between new investment and appreciation on existing investment. But El Norte estimates that Mexico's capital markets received two-thirds of the flow of new investment in 1991 – $5.64bn on the stock exchange, $3.41bn in Mexican government paper, and $2.15bn in internationally issued bonds. The government also granted permission for a further $3.8bn in direct foreign investment.

Thus, about 60 per cent of the new foreign investment is volatile, in that it can be withdrawn at short notice.

Summit call for more UN assertiveness likely

By Robert Mauthner, Diplomatic Editor

WORLD leaders due to attend the first UN Security Council summit in New York at the end of this month are expected to call for a much more active UN peace-keeping and peace-making role in world affairs.

Mr Boutros Boutros Ghali, the new UN secretary-general, is to be asked to recommend to the council, by May 1, new ways to identify potential conflicts and to make suggestions on the additional resources the UN will require for strengthening its so-called "preventive diplomacy".

"The world now has the best chance for peace, security and development since the foundation of the UN," a draft statement drawn up by Britain, which holds the rotating presidency of the council, states.

The UN charter specifically prohibits interference in a state's internal affairs but that clause has been interpreted less strictly in recent years. The draft notes that the range of UN peace-keeping tasks had been broadened considerably in recent years, and that the monitoring of elections and human rights had become "integral parts of a wider effort to maintain international peace and security".

The final statement is expected to be in the form of a presidential text to be read out by Mr John Major, the UK prime minister, who invited the other security council members to the meeting.

Among those who have accepted Mr Major's invitation are US President George Bush, French President François Mitterrand, Russian President Boris Yeltsin and Chinese Prime Minister Li Peng, all from permanent members of the security council.

Castro crackdown leaves him a castaway at home

Damian Fraser and **Canute James** examine the increasing international isolation of Cuba

CUBA'S attempts to seek new economic partners, following the demise of the Soviet Union, are being placed in jeopardy by a new purge of opposition leaders in Cuba and the execution on Monday of a Cuban exile.

The crackdown has shaken President Fidel Castro's fragile relations with the Latin American and Spanish leaders who count among his last remaining friends abroad, and on whom he is depending for vital foreign investment.

Since the execution of Eduardo Diaz Betancourt, the leader of a group of three Cuban-Americans apparently set on sabotage in Cuba, Mr Castro has come under diplomatic attack across the world.

The German government expressed "profound consternation". The European Community said the execution was a "great obstacle" to better relations. France, Spain and the Vatican, among others, expressed dismay.

The reaction underlines the president's growing dilemma. As Professor Jorge Dominguez of Harvard University says: "Mr Castro's chances for co-operation with Latin America grow if he does not crack down internally; but his reading of the changes in eastern Europe suggests that he ought to crack down".

Heightened repression is also bound to scare away some of the foreign investment that Mr Castro is hoping will pull Cuba out of its economic troubles. On Wednesday, Germany cancelled a bilateral air transport accord.

The extent to which the government is willing to go to deal with dissent was indicated by Mr Raúl Castro, defence minister and the president's brother, who said the administration would respond violently to any opposition. He warned opponents that the government would not hesitate to reconvene emergency revolutionary tribunals, scrapped 20 years ago, to determine sentences for violence against the government and the country.

The capture of the three Cuban-Americans three weeks ago has provided the Havana government with some justification for its claims that it is under threat and must defend itself, and rationalises a crackdown on opposition elements which appears to have been intensified this week.

As the first execution for "counter-revolutionary activity" in 20 years, it also seemed meant to warn groups which have been making public criticisms of the Castro administration.

It has also allowed a temporary diversion, clearly to the government's relief, from the deepening economic problems which have overtaken the country after the end of communism in the Soviet Union and eastern Europe, and stem also from the unbending 30-year US embargo on trade with Cuba. Reports this week of further detentions of opposition figures follow the arrest of some 60 activists since September last year, almost half of whom remain in jail.

This comes after a modest political liberalisation in the mid-to-late 1980s and reflects in part an attempt to link the supporters of democracy with alleged US-sponsored attempts to overthrow the regime. More significant: it shows Mr Castro's fear that the discontent (so far mainly silent) caused by the rapid deterioration in the economy will translate into organised opposition.

The tough actions have damaged the hopes of some Latin leaders that prospects of Latin American economic integration and foreign investment would encourage Mr Castro to curb political repression.

The so-called Group of Three – Colombia, Mexico and Venezuela – invited Mr Castro to Mexico in late-October to preach that message. While not offering aid, the three "agreed to fight for the rapid and total integration of Cuba into the Latin American family", and to promote foreign investment in Cuba.

The barely concealed objective was to prod Mr Castro into more reforms, in return for economic help and membership of the emerging Latin American economic bloc.

This conciliatory approach contrasts not only with the unbending US position, but also with that of some Latin nations which prefer that help to Cuba be conditional on clear promises for reform.

Cuba has rejected such interference in its affairs and has hit back at its Latin American critics. This makes it increasingly difficult for Latin countries to include Cuba in their regional plans.

Enemies across the Florida Strait: Fidel Castro (left) and, in Miami, Tony Cuesta of the Cuban exile group, Commandos L, claiming responsibility for the recent raid on the island that ended in the capture of three men and the execution of one of them. Cuesta lost his left hand and his sight in 1966, trying to kill himself with a grenade when captured on a similar venture

UK NEWS

David Walker to step down as SIB chief

By Richard Waters and Peter Martin

SIR DAVID Walker, widely tipped as a possible candidate to become the next Governor of the Bank of England, yesterday announced a surprise decision to step down as chairman of the Securities and Investments Board (SIB).

He will leave at the end of May, when his current four-year term ends. Explaining his departure Sir David, who was asked to take on the post in 1988 after other candidates turned the position down, said: "I don't want to retire a regulator." He said he was looking for a new job in the private sector, but did not yet have another position to go to.

His job is to be taken by Mr Andrew Large, a 49-year old banker who will become the first practitioner to head the SIB. A former chairman of The Securities Association, one of the City's self-regulatory organisations, Mr Large was the first Britain to be appointed to the main board of a Swiss bank when with Swiss Bank Corporation in the mid-1980s.

Sir David was sent into the SIB at a time of widespread City concern about the bureaucratic and costly system of investment regulation that had been set up by his predecessor, Sir Kenneth Berrill.

A former executive director at the Bank of England, where he still sits as a non-executive director, his forceful style and impatient manner have at times antagonised the self-regulatory organisations which come under the SIB's control. They have also enabled him to push through extensive changes to the regulatory system set up under the 1986 Financial Services Act.

"He brought a quality of impatience to the business which has been very useful," one senior City regulator commented yesterday.

The announcement of his departure comes as the SIB is close to finalising its policy on the selling of retail investment products like life assurance and unit trusts – one of the most difficult and important aspects of its work.

The news also coincided with publication of a study for the SIB which reveals that life assurance and pensions policies sold through tied and direct sales agents are much more likely to be terminated early than those sold through independent financial advisers.

Research commissioned by the SIB shows that up to 45 per cent of life assurance and pensions policies sold through tied and direct agents are terminated within two years. In contrast, policies sold through independent advisers have cancellation rates ranging from 22 to 32 per cent within two years.

Sir David has said high termination rates in early years suggest consumers are being sold products that are unsuitable for them. The SIB is considering new regulations requiring life companies to disclose the size of refunds if policies are cancelled before maturity.

Sir David, meanwhile, said he had warned of his intention to leave the SIB last September, but had offered to stay for a further short period beyond the end of his existing term if needed. In the event that offer was not taken up by Mr Peter Lilley, secretary of state for trade and industry, and Mr Robin Leigh Pemberton, current governor of the Bank, who jointly appoint the SIB chairman.

BA to streamline Gatwick operations

By Daniel Green

BRITISH AIRWAYS, the UK flag carrier, is to cut staffing at London's Gatwick airport by 300, almost 7 per cent, as part of an efficiency drive. Areas affected will include ground staff and air crew.

The jobs will be shed as a result of early retirement, voluntary severance and redeployment at Gatwick and London's biggest airport, Heathrow.

The cuts are the first stage in a three-year plan to return BA's Gatwick operation to "an acceptable level of profitability". BA would not rule out further job losses before the end of that period.

Other productivity initiatives include an extra line for Boeing 737 aircraft maintenance and returning contracted-out work to in-house operations. These have been done without increasing engineering staffing.

BA employs 5,700 people at Gatwick including 1,300 engineering staff.

The company yesterday also announced an increase in flights from the airport as part of a plan to attract business passengers. "Gatwick is seen as a holiday airport by many people," said BA. "We are trying to build an effective hub at Gatwick to appeal to business travellers."

The number of flights scheduled for the summer season will increase, largely through a doubling of services to Copenhagen, Naples and Milan to two flights a day.

The company said the plan for growth confirmed its commitment to Gatwick, which will become a hub in tandem with Heathrow airport, but offering separate routes.

BA is working with Gatwick airport authorities to try to improve connections at the airport to appeal more to business travellers.

● A new holiday airline will be launched next week, creating 160 jobs.

The airline, still to be named, says it has the backing of "a national carrier" and capital investment group 3i. It will initially fly out of Gatwick and Manchester airports. It has evolved from former charter airline Trans European Airways UK which was grounded last September following the collapse of its Belgian parent company.

Komatsu cuts 50 jobs at UK plant

By Chris Tighe

KOMATSU, the Japanese earth moving equipment manufacturer, yesterday announced another 50 job losses at its Birtley plant in north east England, its sole excavator production outlet for Europe.

The company blamed the cuts on the construction industry's worst slump for more than 40 years. It hopes many of the 50 job cuts, which will reduce the workforce to 350, will be by natural wastage and voluntary severance but compulsory redundancies are probable.

Personnel director Mr Clive Morton said staff and suppliers had been assured the future of the business was not at risk.

Komatsu last year injected £10m at Birtley in capital investment including new design and test facilities for products tailored to the European market. The first models designed and developed outside Japan will be launched this spring.

The plant, which had to cut 30 jobs in 1991, has been hit by the swift contraction of the UK market for construction equipment, now running at one third of its 1989 level.

However the company, which now sells more than 80 per cent of its output abroad, confirmed yesterday that it has won an order worth almost £7m for 100 Dash 5 model excavators from HE Services (Plant Hire) of Kent, against stiff competition from Fiat Hitachi.

Mr Morton, who predicted last October there would be no upturn in the UK construction industry before late 1992, has pledged there will be no more job cuts for at least two years provided the 1,300 unit annual output can be maintained.

Iveco Ford predicts rise in truck sales

By John Griffiths

IVECO Ford Truck, the UK's second-biggest truck maker, has joined market leader Leyland DAF in forecasting a recovery in the savagely depressed UK truck market leader this year.

Sales should rise by around 15 per cent to 37,000 units from last year's 32,184, according to Mr Alan Fox, managing director of the company, which is majority owned by Fiat of Italy's Iveco commercial vehicles division.

Statistics from the Society of Motor Manufacturers and Traders show the current sales plunge to have been the sharpest since the Second World War.

The Iveco Ford forecast is slightly more pessimistic than that of Leyland DAF, whose marketing and sales director, Mr David Gill, has suggested a level of 38,000-42,000, depending largely on the outcome and timing of the General Election later this year.

SMMT says plants may close

By John Griffiths

A PRE-BUDGET warning that "there are now real concerns" over possible car plant closures this year, with the possibility of new Japanese-owned factories merely displacing output from existing UK manufacturers, was given yesterday by the Society of Motor Manufacturers and Traders (SMMT).

Launching a campaign to raise motor industry awareness among MPs and election candidates of all parties, Sir Hal Miller, the SMMT's chief executive, said that cuts in the tax burden on the industry were essential if it was to recover from its current slump.

The abolition of the 10 per cent Special Car Tax, higher price thresholds for the taxation of company cars and concessions on VAT and National Insurance Contributions on the private use of company cars are among measures being urged on the chancellor of the exchequer, Mr Norman Lamont, by the SMMT in its budget submission.

Without a budget stimulus for the industry, whose car and commercial vehicles sales have

Miller: fears plant closures

fallen by 30 per cent and 50 per cent respectively in the past two years, there is the risk of "merely moving jobs from Dagenham to Derby", warned Sir Hal.

Toyota, the Japanese manufacturer, is due to start producing cars at its Burnaston plant near Derby late this year, as is Honda at a plant near Swindon, Wiltshire. In the past few days Nissan has announced plans to increase production from its Sunderland plant by 50,000 to 270,000 cars next year.

The SMMT's worry is that the severely depressed state of the UK market, and weakening demand in key European export markets which hitherto have helped keep UK car production relatively buoyant, could lead to an over-capacity crisis later this year and put established plants like Ford's Fiesta facility at Dagenham under pressure.

Unofficial SMMT calculations are that the abolition of Special Car Tax could increase sales in a year by 10 per cent.

The forecast, however, was made in late 1991. With the hoped-for economic upturn failing to materialise over Christmas, the SMMT is already reviewing its sales forecast and may well downgrade it in the next two to three weeks.

Nevertheless, Sir Hal struck a note of optimism yesterday when he claimed he had "very good reasons" for believing that Mr Lamont this year would act on at least some of the SMMT's submissions.

Enterprise zones get tax loophole

By Ian Hamilton Fazey, Northern Correspondent

A RULING by the Inland Revenue has enabled 100 per cent capital allowances in Britain's enterprise zones to be extended by 10 years beyond the life of the zone, in special circumstances.

The allowances are disliked by the government and the European Commission because they distort markets and encourage tax avoidance, but the problem was supposed to be limited to the 10-year life-span of the zones.

The ruling applies to all UK enterprise zones, which are designated areas – usually in regions where traditional industry has declined – where the government has offered tax incentives to new businesses.

The first use of the extended tax break will be in north west England at Trafford Park, Greater Manchester, where the park's development corporation hopes to salvage part of a flagship project.

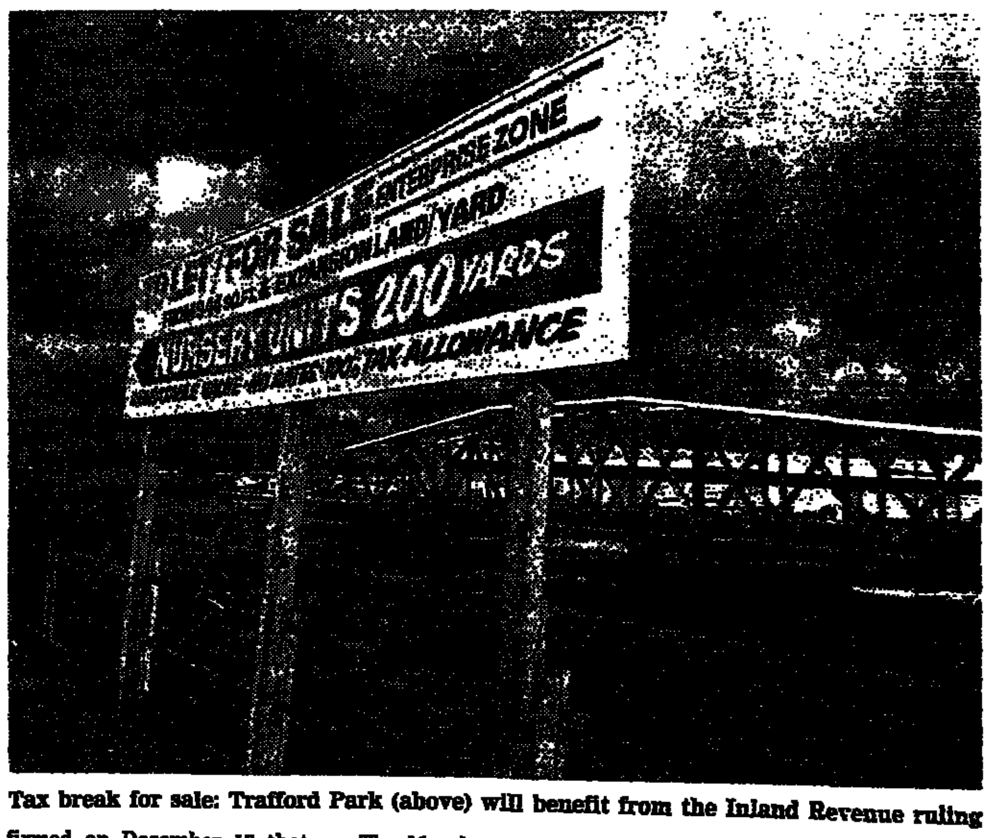
The corporation – which is a government agency – has this week relaunched its Wharfside project along the mostly derelict south bank of Manchester Ship Canal, opposite the contrasting and highly successful Salford Quays.

The project was originally planned with Rosehaugh, the developer best known for its work in the London docklands, but it collapsed as recession hit commercial property values and small businesses.

Now, a less ambitious scheme is going ahead with Amec, the Cheshire-based civil engineering, contracting and property development group.

The developers will make full use of the Inland Revenue ruling, which states that if the lease on a building contract within an enterprise is sold before the zone's life expires, then the 100 per cent capital allowances can be applied to any building started within 10 years of the contract date. The extension does not apply to other advantages offered by zones such as freedom from business rates and streamlined planning procedures.

In this case, Trafford Park Development Corporation contracted to sell the land involved to Amec Properties, which in turn signed a building contract with Fairclough, another member of the Amec group. The contracts were signed last August, just before expiry of the enterprise zone in which the land stood.



Tax break for sale: Trafford Park (above) will benefit from the Inland Revenue ruling

The Inland Revenue confirmed on December 17 that anything Amec now builds in the area will enjoy 100 per cent capital allowances. That means that a company with a tax obligation can deal with Amec for a building in the area and pay for 35 per cent of the costs out of its taxes.

The *Manchester* Ship Canal company – which also owns land in the former zone – is also understood to have let a building contract on it before the zone expired so as to protect future capital allowances. Other developers in expiring and extant enterprise zones around the country are believed to have followed suit.

Less than six of Wharfside's 20 acres are in the expired Trafford Park zone, but this is enough to relaunch the project and help justify £6m of public funding for better local infrastructure.

800 Sun Alliance workers likely to lose jobs

By Richard Lapper

SUN ALLIANCE, the UK's biggest insurer, yesterday announced plans to cut 800 jobs as part of a rationalisation programme designed to reduce costs and restore profitability.

Most of the job losses will result from voluntary redundancies and early retirements over the year, although there are to be some compulsory job losses, with all management grades and clerical staff equally affected.

Thirty-nine smaller branch outlets that are no longer considered cost-effective are to close, with the company concentrating local sales and customer service in 50 main branch locations.

As with other UK composite (life and general) insurers, Sun Alliance has made heavy losses during the last two years because of tight rate competition, the recession and weather-related claims.

The company's pre-tax losses for 1991 could amount to more than £450m.

Mr Charles Coyne, analyst with Credit Lyonnais Laing, believes the move could be followed by other composite insurers. "There is an awful lot of fat to cut," he said.

Sun Alliance's expense ratio – the yardstick that measures operating costs as a percentage of net premium income – amounted to 35.8 per cent in 1990, according to DTI figures, nearly 2 percentage points above the average for the UK's top 10 composite companies.

Last year staffing was reduced from 14,200 to 13,800 with most job losses concentrated at Sun Alliance (UK), which handles the group's personal lines insurance, such as household and private motor policies.

This was largely the result of a decision to concentrate processing of a substantial part of the group's personal lines business at a new low-cost centre in north west England at Oldham, Lancashire.

Ministers ready to compromise on BR sell-off

By Ralph Atkins

MINISTERS are close to reaching a compromise agreement on the privatisation of British Rail (BR), the state network, which could pave the way for publication soon of a policy document, setting out the government's plans.

A proposal for selling off much of the profitable InterCity service in one piece but forcing it to allow privatised regional companies to run prestige national services, is emerging as a front runner in the cabinet committee debating BR's future.

The Department of Transport hopes the deal will reconcile Mr John Major's preference for reviving regional rail companies with the determination of Mr Malcolm Rifkind, transport secretary, to keep the InterCity network a single, viable entity.

Cabinet ministers have embarked on an intensive series of meetings on BR's future in an attempt to resolve a row which has already delayed the policy document at least once.

No final decisions have been taken on how the sell-off will be implemented but Mr Rifkind has said a policy document will be published ahead of the general election.

There were suggestions at Westminster last night that it might be released within two weeks, although later in February appeared more likely.

With BR privatisation set to be a central part of the Conservative party's election manifesto, Mr Major is anxious to avoid unnecessary delays.

Ministers have agreed that BR's monopoly has to be broken and that private rail operators must be given open access to the network.

Under the compromise being worked on, regional companies would operate under a franchise system and continue to receive public subsidy. They could lay new tracks or use InterCity lines for running services from provincial areas to London.

Mr Major wants to revive the pre-war networks of regional companies – the so-called "golden age" scenario – but would have to accept that InterCity would remain in one piece if the compromise proposals were agreed.

Mr Rifkind wants to see an expanding rail network but fears the break up of InterCity would lead to many unprofitable services being abolished. Last year, InterCity made a small profit while British Rail's freight service dipped into losses.

Michel Roux, the owner of the Waterside Inn at Bray, west of London, was one of only two restaurateurs to retain a three-star ranking in the new Michelin guide, published yesterday. The guide said restaurants such as the Waterside Inn have responded to the recession by boosting standards while maintaining or even cutting prices. The guide added nine restaurants to its list of Michelin-starred establishments. The new additions, all of which received one star, include Tatsuso, a Japanese restaurant in the City of London, Lettonie of Bristol and 21 Queen Street in Newcastle upon Tyne, northern England.

Tories continue attack on Labour plans

By Philip Stephens and Alison Smith

THE Conservative party signalled yesterday its determination to keep the Labour opposition on the defensive over taxation, charging that the "phasing" of increases in national insurance and income tax would undercut decisively its spending pledges.

The attack coincided with an effort by Mr Michael Howard, the employment secretary, to rekindle concern about Labour's plans for a minimum wage by claiming it would cost more than two million jobs.

In the wake of an interview in the Financial Times yesterday with Mr Neil Kinnock, the Labour leader, Mr David Mellor, the chief secretary of the Treasury, said Labour's immediate commitments now totalled £4.75bn. That comprised the £3.75bn it would cost to raise child benefit and pensions and the £1bn economic recovery programme promised by the opposition.

Mr Mellor said that officials figures given in response to parliamentary questions showed that by abolishing the income ceiling on National Insurance Contributions – the tax to pay for social security benefits – and raising the top rate of income tax to 50 per cent Labour would raise an additional £3.85bn in the first year.

That left a shortfall of nearly £1bn even if Labour dropped any suggestion that the tax and NICs increases would be phased. Mr Kinnock insisted in his interview that he would keep open the option of phasing until after the election.

For his part, Mr Howard said that Labour's plans for a national minimum wage, for a training levy and for implementing the EC social action programme would lead to the loss of a total of 2.25m jobs.

Mr Howard also emphasised that beyond the three policies highlighted for their effect on jobs nationally, Labour had other plans, such as cuts in defence spending, that would threaten jobs.

"Dozens of constituencies would be desperately hard hit, including those in Bristol, Derby and Nottingham. Barrow would be devastated by Labour's irresponsible apporoach to the defence of our country," he said.

Responding to the claims, Mr Tony Blair, the shadow emnployment secretary, said he thought the Tories had scored "a massive own goal". He dismissed the figures which he said would not stand serious scrutiny, and said that unemployment would dog the Tories, because people knew the recession which affected such a wide range of people was avoidable.

BRITAIN IN BRIEF

Major pledges to extend qualifications

General national vocational qualifications will be available for schools and further education colleges to teach as an alternative to A-levels from this September, according to Mr John Major, the prime minister.

From 1994, "advanced diplomas" will be awarded to students with three A-level passes or "equivalent" vocational qualifications.

Mr Major told a conference of employers held by the National Council for Vocational Qualifications: "Good vocational education is not inferior in status to good academic education."

Whisky output 'should be cut'

A significant reduction in Scotch whisky production is essential this year if the industry is to avoid a damaging surplus of stock, according to a report published by Charterhouse Tilney, the securities house.

Mr Alan Gray, whisky analyst, says that total production of grain and malt whisky was cut by 5.2 per cent last year, well short of the 10 per cent reduction he estimates was necessary. "More substantial cuts are needed in 1992," he says.

There are now 96 malt whisky distilleries in operation compared with 94 in 1990 and only 81 at the bottom of the market in 1986.

N-Workers risk leukaemia

A study of the UK nuclear workforce has proved for the first time that long-term exposure to low doses of radiation carries an increased risk of leukaemia.

Scientists at the National Radiological Protection Board have analysed the records of 95,000 past and present workers in civil and military nuclear plants, of whom 6,600 have died.

Among the 50 deaths from leukaemia, there was a clear statistical link with the workers' radiation doses. The NRPB also found a positive correlation between all cancer deaths (1,800) and radiation exposure, though this did not reach the scientific threshold for "statistical significance". A similar recent study of US nuclear workers failed to detect any risk from radiation exposure.

Cities to test air quality

The government has decided to extend its air pollution monitoring network amid growing concern about air quality in many UK cities.

Six monitoring stations, costing a total of £3m, were switched on in London, Cardiff, Birmingham, Newcastle upon Tyne, Edinburgh and Belfast.

They were launched as a survey of 20 cities and towns by Friends of the Earth, the environmental pressure group, claimed that air quality in many areas breached European Community safety limits.

New code on environment

The Department of Trade and Industry and the Incorporated Society of British Advertisers (ISBA) have jointly issued a new guide to codes of practice relating to environmental claims in advertising in the UK.

The booklet aims to clarify some of the confusion surrounding 'green' advertising claims in print, television and radio, by spelling out the legal constraints and relevant standards.

Campaign to save shipyard

DML, the privately-owned company that manages Devonport dockyard under contract from the Ministry of Defence, has launched a campaign to save the dockyard and, indirectly, the associated naval base in Plymouth from closure.

Mr Mike Leece, managing director, has warned the 5,000 workforce that "there is a real possibility that the Devonport dockyard could close." He is *supported in the campaign* by Cllr John Ingham, Labour leader of the city council, who has stated that "Devonport can stand the strictest comparison with Britain's other naval facilities. It fully deserves to flourish."

Powergen plans £40m terminal

Powergen, the electricity generator, *showed it was serious* about replacing the coal it buys from British Coal with cheaper imports by announcing an outlay of £40m on a new 5m-tonne coal terminal in Liverpool.

The announcement will add to the uncertainty over the future size of British Coal now that the electricity industry is privatised. British Coal supplies PowerGen with 26.4m tonnes, falling to 24.6m tonnes in the year to March 1993, and National Power with 44m tonnes, falling to 40m tonnes.

More red routes for London

Nearly every main road in London will be designated a red route under controversial proposals published by the Department of Transport.

The aim is to speed up traffic by imposing strict controls over stopping, parking and unloading on key routes into the centre. Yellow kerbside lines will be replaced by red ones on the designated routes, signalling to drivers that parking controls will be ruthlessly enforced with heavy penalties.

Concern at plant closure

Trade unions have expressed concern over the planned closure of a factory in Coventry owned by Matrix Churchill, the controversial machine tool manufacturer bought from Iraqi ownership last February.

Automation Investments, the Midlands-based group which also owns Birmingham-based BSA Tools, said last week that it is closing the Matrix plant at Fletchamstead Highway, Coventry, with the loss of 100 jobs.

The closure is the latest evidence of the pressures on the UK machine tool industry. With little sign of an upturn in orders in the domestic market, companies are going ahead with job cuts and closures that they had fought hard to avoid last year.

Electronic standards join forces

The world's leading reinsurers have agreed to work together to establish international standards for electronic data interchange and messaging.

The development of standards will allow users in one market to communicate more easily with those in another, thereby accelerating the development of electronic trading internationally.

Systems allowing insurance brokers (who operate on behalf of buyers) to contract business and process claims electronically are already used in London and Europe.

The London Insurance Market Network (Limnet), the product of a joint effort by Lloyd's of London, London brokers and companies, was launched in 1987. In spite of some delays a pilot electronic trading scheme involving two dozen Lloyd's agencies and brokers will begin in April.

The Reinsurance and Insurance Network, Rinet, set up by eight major European reinsurance companies including the German and Swiss giants, Munich Re and Swiss Re, was launched later that year.

The joint approach will allow underwriters and brokers who have access to either system to trade across both. According to Michael Seddon of Limnet the move has been partially brought about by pressure from the US market.

Representatives from Limnet and Rinet visited the US last year. "The Americans said separate developments didn't make sense. They were instrumental in bringing us together," said Seddon.

Two US organisations, the Reinsurance Market Association and the Reinsurance Association of America, will back the joint initiative.

Seddon says Limnet and Rinet have developed their work along slightly separate lines and that some rework will be involved. But the need for compromise is accepted.

He adds that the decision to harmonise standards has been taken just in time. In a couple of years "we'd have been looking at translation of standards rather than the development of a common standard".

Richard Lapper

Daniel Green explains how the Airbus A320 fly-by-wire system takes control away from pilots

Conflict of man and machine

Aircraft falling out of the sky are bad for confidence. They worry passengers, regulators, airlines, aircraft makers and governments.

In the case of the Airbus A320 which ploughed into the snowy, forested Vosges mountains last Monday night, the aircraft's ultra-modern control technology has been the subject of fierce debate.

This is because the same model of aircraft has crashed three times in its four-year history and because the controls which the pilots use are unique to this particular commercial passenger aircraft.

They are computerised controls, sometimes known as fly-by-wire.

"Probably the worst name for them," says Freddy Yetman of the British Airline Pilots Association. Wires and levers are what controlled the aircraft at the time of the first world war, he explains.

The A320 still uses the hydraulics that have been standard in passenger aircraft for decades. In order to increase safety, however, it adds computers between the pilot and the hydraulic motors. The computerised controls in the A320 stop the pilot from stalling the plane, for example.

An A320 pilot uses a joystick like one in a computer game. When the lever is pulled back, the computer is signalled to operate movable parts on the wing and tail to turn the nose of the aircraft up.

If the pilot pulls back on the joystick and tries to stall, the computer calculates the angle at which this would happen and stops the nose rising just before this point.

It is here that many criticisms of computerised controls are voiced. "There is a danger of over-confidence if the pilot is left out of the control loop," concedes an executive at one aircraft manufacturer.

Airbus says that the computers in the A320 can be switched off to give the pilot direct control over the aircraft. But is switching off the computers uppermost in a pilot's mind in an emergency?

"Some pilots think it [computerised control] is complicated if anything unusual happens," says Yetman.

The next generation of aircraft, exemplified by the Boeing 777, takes a different approach from Airbus. It has a more traditional cockpit in which control wheels, rather than a joystick, control the aircraft.

These control wheels are linked to each other so that pilot and co-pilot can see and feel what the other is doing. When the pilot moves one control wheel, the other wiggles in sympathy.

On a more sophisticated level, the computer will not simply override the pilot's decision if it calculates a manoeuvre to be unsafe. Instead, it resists it. The control wheels have motors in them that make turning them progressively more difficult if the manoeuvre is extreme. "So the pilot can bend the wings if he thinks that is better than the alternative," explains Boeing.

Other advances include liquid crystals displays in the cockpit instead of ordinary television screens (which were in themselves an advance over dials).

The 777 and the A320 are not directly comparable, however, because the Boeing carries more than twice as many passengers and is almost a decade newer in design.

The origins of the control technology in both aircraft is more than 20 years old. It was developed by the defence industry in an effort to create a more manoeuvrable fighter aircraft. Defence designers wanted to build something that was inherently unstable.

Rather like a pencil balanced on your fingertip, such an aircraft can move quickly in any direction. But no human pilot could react fast enough to keep control, let alone shoot at an enemy. Computers, however, were fast enough to make rapid small adjustments to keep the aircraft flying. By distancing the pilot from the controls, the performance of the aircraft was improved.

In the case of a civil airliner, the priority is not manoeuvrability but safety.

In spite of this emphasis the aircraft has crashed three times, although inquiries into the first two accidents blamed pilot error. So what is the solution to the problem?

Better training is one possibility. After the A320 crash in India in 1990, Airbus contacted its customers to remind them of the landing procedures.

In the UK, A320 pilots do a ground school, simulator course and are tested by examiners authorised by the CAA. Then follows a series of flights with training crews before pilots are authorised to fly. They have to return to the simulator every six months to renew their authorisation.

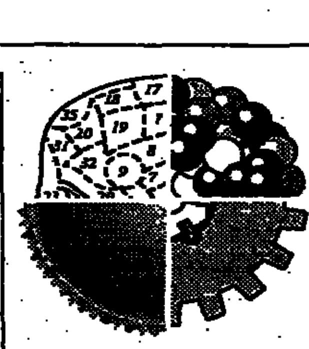
Training standards are set by individual countries' civil aviation authorities, subject to international minimum if the flight is international.

There are more than 250 A320 flying today with 26 airlines. Another 550 have been ordered. The Boeing 777 enters service in 1995. More than 90 have been ordered already.

Computerised controls seem here to stay and the powers in the world of aviation are stacked up behind them. Regulatory bodies have certified them, accident inquiries have blamed the pilots and still the pilots "find it a fine aircraft to fly," says Yetman.

Much more evidence yet will have to be amassed against the the A320 if the aircraft is to be found guilty through criticisms of its fly-by-wire controls.

French soldiers and rescue workers stand behind debris from Monday's A320 crash in the St Odile mountains



WORTH WATCHING

by Della Bradshaw

Supercomputers head for industry

SUPERCOMPUTERS, traditionally restricted to research laboratories and government departments because of their size and cost, could soon find more general applications in industry, following the launch of a machine no bigger than today's file servers.

The desk-side unit, just 29 inches high, has been developed by Wavetracer, of Acton, Massachusetts. The two Zephyr models have 4,096 or 8,192 microprocessors, so the larger machine can process more than 8,000 streams of data in parallel. (Traditional serial computers can only process one stream of data at a time.)

The company says that in tests by the US Department of Defence the more powerful model, the Model 8, was capable of computing more than 700m operations per second. Although less than half the speed of a Cray supercomputer, Wavetracer points out that at $150,000 (£84,000) the Zephyr is just a fraction of the price. The machines are sold in the UK by CGI Computer General, of Chippenham, Wiltshire.

Four stars for three-D quality

HOWEVER sophisticated the latest computer-aided design system, it often stretches the engineer's imagination to believe that the products depicted on the screen are three-dimensional.

Japanese electronics manufacturer Toshiba believes it may have overcome this problem with a prototype display which uses 768 light-emitting diodes (LEDs) to simulate 3-D images.

The 100mm x 30mm panel mounted with the LEDs slides 50mm back and forth at a maximum speed of 30 times per second, while the computer-controlled diodes are switched on and off automatically. This forms an "after-image" effect, so that the images appear to be real.

Polymer emerges from waste heap

A POLYMER suited to the agricultural, construction and automotive industries can now be produced from mixed industrial or domestic plastic waste in a single step, writes Paul Godden.

The homomicronisation process, developed by the Swiss company, NewPlast-Process, of Geneva, uses roughly-washed, mixed waste, which can even include impurities like rubber and copper. Because of this the NewPlast polymer costs SFr .50/kg (10p/kg) compared with SFr 1.20/kg for virgin polyethylene. It is also less expensive than most recycled plastics where the waste has to be sorted to ensure that polymers are not mixed.

The process "stirs" the dry waste granules at high speed in a special steel drum, at ambient temperature, with a specially designed rotor. The resultant friction causes the materials to polymerise and form a homogenous mass. This mass is treated by conventional machinery to produce pellets suitable for subsequent processing.

Software makes hospital rounds

MANY hospital management information systems have been based on large centralised computer systems, which can prove unwieldy and expensive. But software now under development that runs on personal computers, using a client-server architecture, could help reduce the costs.

Devised by Meta Generics, of Cambridge, for King's Healthcare (formerly Camberwell Health Authority), in London, the HS2000 system uses standard operating systems such as Dos and Unix as well as off-the-shelf hardware.

As a result, systems can be put together for either large or small hospitals, and expanded as required to enable doctors, nurses and administrative staff to work from one information base.

A further advantage of HS2000, which will be marketed by Sema, of Cambridge, is that graphical user interfaces and a mouse enable staff to manipulate visual information — moving a patient from intensive care, say, to a general ward.

Computer games learn their lesson

DISGRUNTLED parents, who find that the toys they bought at Christmas have either been discarded or have turned into an obsession, may prefer to join the growing number of consumers who have turned to electronic learning aids.

Stimulated by the national fixation for electronic games, the UK market for such learning aids has doubled in three years, according to a report from the Economist Intelligence Unit. Nevertheless, with the market for 1991 valued at £23m, the market is still tiny compared with the £325m market for electronic games.

More than half the products sold in the sector are for five- to ten-year-olds, according to the Retail Business report. The largest suppliers in the UK are VTech, Adams Leisure/Grandstand and Texas Instruments.

Although the report predicts the market will grow by 20 per cent a year, the authors believe the sector needs a "blockbuster" product to project learning aids into the mainstream toy market. This may not happen until 1995.

Crisps never tasted so good

A MORE subtly flavoured potato crisp or tortilla chip could result from a French process to coat continuously the flavouring on both sides of the crisp or chip within a completely closed system.

After leaving the fryer the food items pass into a biturbine, where two turbines rotate and isolate the chips. An integrated powder dispersion unit and air injection system puffs the flavouring on to the chips.

Developed by EMT Process, of Cabries, the process ensures that the crisps emerge ready for packing.

Contacts: Wavetracer: US, [illegible]. CGI Computer General: UK, [illegible]. Toshiba: Japan, 3 3457 4511. NewPlast-Process: Switzerland, 22 786 5222. Sema: UK, 0223 324777. Meta Generics: UK, 0223 424425. Economist Intelligence Unit: UK, [illegible]. EMT Process: France, 42 02 92 87.

Gay rights

Adopting the Lotus position

Nikki Tait looks at why US companies are copying a revolutionary initiative

Has the age of the "spousal equivalent" dawned ? Perhaps. In Massachusetts, where Lotus Development Corporation – the large US software company – has taken the bold step of extending healthcare and other benefits to partners of its gay employees.

Even in the huge and diverse US market, this is radical thinking. Initiatives recognising employment rights for homosexual workers have usually been confined to a handful of public sector employers, such as Manhattan's Montefiore Hospital, or small "ideologically-sound" companies like Ben & Jerry's, the Vermont-based ice cream manufacturer, and the Village Voice, a left-leaning New York publisher.

Lotus, on the other hand, has more than 3,000 US employees and worldwide name recognition. As such, it is by far the largest, and most high-profile, corporation to extend employee benefits to "non-traditional family units". No one pretends that this mould-breaking package was achieved easily – the initiative came from a handful of determined employees and was hammered out over many months – but repercussions from the move have been immediate and widespread.

On the one hand, says Lotus, some 75 companies have been in contact, requesting details or asking about the plan's implementation. These, it adds, have ranged from large multinationals to small domestic businesses. On the other, the US media has picked up on the subject, and gay rights in the workplace have become a hot topic of debate.

As with the furore over sexual harassment last year, it is questionable whether this heightened awareness, in itself, will bring practical change. But most activists are convinced that discussion alone is useful in dismantling barriers. "Even if a corporation decides against a change in their benefits plan," comments Ruth Harlow at the American Civil Liberties Union, "the simple fact of airing the issue helps".

Under current US law – and in contrast to popular perception abroad - gay employees have relatively little protection when it comes to working conditions. Although a "gay rights" bill is pending in Congress, few activists expect this to find its way on to the statute book in the short-term. In the meantime, federal protection is virtually non-existent.

At the state level, matters are only slightly more advanced. Four states – Wisconsin, Hawaii, Massachusetts and Connecticut – plus the District of Columbia, have enacted measures banning discrimination on grounds of sexual orientation. A smattering of cities and municipalities – including New York – have similar laws. Some companies, meanwhile, have taken the initiative into their own hands, and spelt out individual anti-discrimination policies.

This position may eventually improve, but progress has been noticeably patchy in recent times. Legislation supportive of gay rights has just been passed in New Jersey, for example, and was signed only days ago by Governor Jim Florio.

But homosexual employees in California, the most heavily-populated state, suffered an important setback when Governor Pete Wilson vetoed a similar measure last autumn.

Given a widespread reluctance to state sexual preference, it is difficult to assess the number of employees who may be directly interested in the matter. However, the conventional assumption is that some 10 per cent of the US labour force is either gay or lesbian. If correct, this translates to 13m people, the equivalent of almost half Britain's working population.

So, in an area which has arguably been neglected for far too long, what has the Lotus deal achieved ? The package itself is relatively straightforward. All US Lotus employment policies will simply add the term "spousal equivalent", whenever the word "spouse" is used. This applies across the board – in relocation matters, questions of bereavement leave, expatriate assignments, as well as for healthcare and medical benefits.

To qualify as a spousal equivalent, the person must be the sole partner of the employee. He or she must also be the same sex as the employee; live in the same residence "with the intent to reside together permanently" and "be jointly responsible for the common welfare and financial obligations of both individuals". Plainly, this does not extend the notion of "spousal equivalents" to unmarried partners in heterosexual relationships. Lotus justifies this stance by pointing out that state law does not permit gay and lesbian couples the option of marrying.

Superficially, the Lotus initiative seems to come at an inauspicious time. After all, are all US employers not acutely aware of mounting healthcare costs and will the Aids risk not drive up expenses in this particular case ?

That, says Lotus firmly, is a misconception. It is true that the software company is largely "self-insured", which means that it meets most healthcare costs out of its own pocket instead paying hefty insurance premiums to a commercial carrier. As a result, the task of implementing the new scheme was made a good deal easier.

Nevertheless, the company itself is clearly at risk, and did its homework accordingly. Where precedents have been set, Lotus claims, experience has not been particularly adverse. "Data indicates that coverage of same-sex employees and their partners has not significantly increased per capita healthcare costs," it told employees in an internal memo.

In fact, perhaps the bleakest element in the Lotus story is that only a dozen employees have taken advantage of the scheme to date. This, in turn, seems to mirror the experience of some progressive public sector employers operating similar benefit packages. All of which points to a rather gloomy conclusion: improved benefits, one suspects, can go so far, but making everyone comfortable about taking them up is another matter altogether.

Espousing the cause: "gay employees have relatively little protection when it comes to working conditions"

Why the American Challenge ran out of steam

Whatever happened to *Le Defi Americain?* Twenty-five years ago, when some of us were only just starting to cut our teeth on the business world, this elegant French thesis about the coming supremacy of US multinationals over the Europeans was on everyone's lips.

Within a few years, the doctrine – literally, "The American Challenge" – grew decidedly shaky, as European companies showed themselves remarkably resilient against their US rivals. By the mid-1970s, with a rampant Japan on the rise, it was dead.

Unlike 1960s fashions in most other aspects of society today, it shows no sign of coming back into vogue. Disney is expanding in France, GE in Britain and eastern Europe, while Philip Morris is rumoured to be back on the European takeover warpath. But with the débâcle of President Bush's trade mission to Japan coming hard on the heels of the latest travails of IBM and General Motors, it is evident to everyone that American big business is in deep competitive trouble – not just against Japan, but also *vis-à-vis* Europe.

The trouble may be even deeper than most people realise. For the last five years, many American executives, economists and government policy-makers have consoled themselves with the results of a widely quoted 1987 study of international trade patterns. In essence, this showed that though the US share of world exports had declined between the late 1950s and the mid-1980s, exports from the overseas operations of US multinationals were enabling them to hold their overall share of world trade.

Now, in a study guaranteed to make President Bush and many of his compatriots positively bilious, a US professor has concluded that the aggregate world share of very large American corporations has fallen far more sharply than is generally thought, especially since the mid-1980s.

The study covers revenues from all sources, including domestic sales from local production, which were not examined by the 1987 report. It has just been published under the provocative title of Global Corporate Competition: is the large American firm an endangered species?*

By analysing Fortune magazine's regular tables of top US and non-US companies, Lawrence Franko of the University of Massachusetts has compiled a set of global corporate "Top 12" league tables for 15 separate industries from 1960 through to 1990. His tables show two things: how many companies headquartered in various countries appear in each industry's top 12; and, for that industry, each country's collective "world market share" – defined as its percentage of the aggregate dollar sales revenues of the Top 12.

To the obvious objection that exchange rate fluctuations may have distorted some of his results – notably for 1990 – Franko points out that the dollar was also weak at other times over the study period, including in 1980 and 1988.

Takeovers and diversification beyond the strict bounds of a particular industry may also have distorted the rankings from time to time, as may the divestment programmes which have frequently followed such splurges. But Franko makes some adjustment for this.

However, the overall downward US trend has been so sharp in most industries as to make most objections little more than marginal. US companies have held their "world market share" of the professor's league tables since 1980 only in aerospace, food and beverages, and (almost) paper and paper products. In most cases, the main gainers have been the Japanese and Korea. But one European country or another has surged forward in motors (Germany), banking (France), food (Switzerland), iron and steel (Germany), paper (Sweden), pharmaceuticals (UK), and tyres (France).

Does all this matter or is it just the expression of an increasingly international world economy, where the US share will fall inevitably as other nations build industrial prowess? Robert Reich, the influential US economist, argues that corporate nationality is of fast declining importance, since traditionally "headquarters activities" such as research and development are becoming dispersed geographically within "transnational" corporations.

Franko contests this. The most highly skilled – and highly paid – jobs are still "nearly universally located at headquarters" he claims. So is decision-making over such sensitive issues as multinational tax allocation.

Franko may overstate slightly his case on the "headquarters effect": in reality, research and development activities, together with other corporate decision-making jobs, are becoming quite widely dispersed in several of the companies which appear in his various Top 12s. But these are still the pathfinders: his general argument remains powerful. He is also right in rebutting hopes that smaller US companies – the likes of Apple and Microsoft, for example – may "ride to the rescue of the nation". During the last 30 years, the Japanese, Koreans and the Europeans have been performing this transformation more effectively than American counterparts, Franko concludes.

Apart from the obvious observation that by no means all European countries – notably Britain – have been performing nearly as well as he implies, one can only concur with his judgement – and with his statement that the nationality of a company's ownership can still matter considerably. Not invariably, perhaps, but often enough to make it a cause for concern.

So what price a late 1990s French tome called *"Le Defaut Americain"?* The D-word has alternative meanings: "shortcoming" and "complete absence". Take your pick.

**In Business Horizons journal, Nov-Dec 1991.*

Christopher Lorenz

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS

NOEL PENNY TURBINES LIMITED (JOINT ADMINISTRATIVE RECEIVERS APPOINTED)

NOTICE IS HEREBY GIVEN, in pursuance to Section 48 of the Insolvency Act 1986, that a Meeting of Creditors of the above company will be held at 35 Newhall Street, Birmingham B3 3DX on 30 January 1992 at 11:00 am, for the purposes mentioned in Section 48 and 49 of the said Act.

A person is only entitled to vote at this meeting if:-
(a) details in writing of the debts claimed to be due from the company have been given to us, not later than 12:00 noon on the business day next before the meeting, and;
(b) such claim has been duly admitted and;
(c) there has been lodged with us any proxy which is intended to be used on your behalf at the meeting.

Any creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.

If you wish to participate in the meeting of creditors, would you please forward details of your claim against the company, and any proxy which you wish to be used on your behalf, to the offices of Cork Gully at 43 Temple Row, Birmingham B2 5JT.

In pursuance of Section 48(2)(b) of the Insolvency Act 1986, any creditor wishing to receive a copy of the Joint Administrative Receivers report should apply in writing to the above address.

Dated this 15 January 1992.

Ian N Carruthers
Joint Administrative Receiver

HILL AUDIO LIMITED

Registered number: 1369652
Nature of business: Manufacture of power amplifiers and mixing consoles for the professional audio industry.
Trade classification: 07
Date of appointment of administrative receivers: 20 December 1991
Name of person appointing the administrative receivers: Lloyds Bank Plc
N J Vaught and J M Iredale
Joint Administrative Receivers
(office holder nos 5339 and 2104)
of Cork Gully
Orchard House
10 Albion Place
Maidstone Kent ME14 5DZ

BIDFORD BUILDINGS SUPPLIES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at 43 Temple Row, Birmingham, B2 5JT on 6 February 1992 at 11:00 am for the purposes mentioned in sections 99 to 101 of the said Act.

A list of the names and addresses of the company's creditors may be inspected free of charge at 43 Temple Row, Birmingham, B2 5JT between 10:00 am and 5:00 pm on 3 February 1992 and 4 February 1992.

Dated - 16 January 1992
By order of the Board
J Doran
Director.

GODBALL CLOTHING CO LIMITED

Registered No: 2282531
Former company name(s):- Bankrupt Clothes Store Limited
Trade name(s):- Bankrupt Clothes Store
Nature of business: Retailers in cloting
Trade classification: 17
Date of appointment of joint administrative receivers: 14 January 1992
Name of person appointing the joint administrative receivers:- Midland Bank Plc
R M Addy C J Barlow
Joint Administrative Receivers
(Office holder nos 1081 and 552)
of Cork Gully, Shelley House,
3 Noble Street, London EC2V 7DQ.

Warwick House of Malvern plc

NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at: Giffard Hotel, High Street, Worcester, WR1 2QR on 7 February 1992 at 11.30 am for the purposes mentioned in sections 99 to 101 of the said Act.

A list of the names and addresses of the company's creditors may be inspected free of charge at: the Giffard Hotel, High Street, Worcester and at 43 Temple Row, Birmingham B2 5JT between 10.00am and 5.00pm on Wednesday, 5 February 1992 and Thursday 6 February 1992.

DATED - 15 January 1992
By order of the Board
P Anton
Director.

Property man of the old school

By Vanessa Houlder

Mr Edward Erdman, the eponymous founder of the surveying practice, has one of the longest memories in the property industry.

His career stretched from 1923, when he began work as an office boy, to 1974, when he sat on the Treasury's panel which advised on the property crash.

In the Mayfair offices of the firm he founded 58 years ago, Mr Erdman flicks through a yellowing scrap-book of his business contacts. Staring out of it are the black and white photographs of a past generation of movers and shakers.

"Maxwell Joseph, a great friend of mine... Lew Grade, a cockney boy. I had some fun with him... Sir Isaac Wolfson, my most difficult client..." His collection of portraits and reminiscences amounts to a who's who of the property industry.

His anecdotes, which he collected and published in 1982*, give a affectionate, but revealing account of the entrepreneurs, agents and builders who dominated the property industry for much of the century.

Mr Erdman's scrap-book contains a letter to the uncle of Mr John Ritblat, the future boss of British Land, explaining why he had refused the young Ritblat a job on leaving school. "I thought he would be far too ambitious to settle down patiently to the disciplines and rigours of a professional career," he wrote.

Mr Erdman was persuaded to change his mind after learning that the young John had a suitably professional background (his father was a Hampstead dentist). However, in a sense, his misgivings were well-founded. John Ritblat soon left to set up his own agency, Conrad Ritblat.

Mr Erdman also recounts the gruelling initiation into the Hammerson Group of Mr Sydney Mason (now the grand old man of property, after many years at the head of the company).

On the first day of his new job in 1949, the nervous youth was sent by his boss Mr Lew Hammerson to negotiate the acquisition of a site in Park Lane with Mr Freddie Oberlander, the heavyweight world amateur wrestling champion.

Another figurehead of the property industry, Lord Samuel of Land Securities, suffered a nerve-wracking incident at the start of his career. One day, drumming up business in the west end, Mr Harold Samuel was smoking a cigarette to steady his nerves. When he went into the shop to talk to his owner, he stubbed out the cigarette, pocketed it and then found to his "utter embarrassment and confusion", that he had set his coat pocket alight.

Mr Erdman's best stories concern Sir Isaac, the fiery, abrasive Scot who built up Great Universal Stores (GUS) in more than 100 takeovers. Mr Erdman, who advised him throughout on property valuations, pays tribute to Sir Issac's infectious enthusiasm. "I often found myself almost rushing out of his office in eagerness to do the next deal," he says.

He also shows the darker side of the tycoon, who was "tough on the payment of fees" in his early days and who domineered over his executives, even insisting that they breakfasted with him at 7.30am. Once when his Mr Erdman and another agent were discussing a sale with Sir Issac a waiter appeared with coffee and biscuits. "Who told you to bring biscuits?" snarled Sir Issac. These people are not customers, they are only agents. Take the biscuits away."

When, in 1955, Mr Erdman, did his first valuation of GUS's properties, Sir Issac went through each valuation, yelling when he saw what he thought was a conservative valuation: "You [Erdman], are not a valuer, you are a butcher." But to his surprise, IW (as Mr Erdman refers to him) slapped him on the shoulder when he finished and said: "Ah, well, I think you have done a good job."

Edward Erdman praises the 'infectious enthusiasm' of fiery, abrasive Scot Sir Isaac Wolfson, above, who headed GUS

Mr Erdman, now a spry 85 year-old, did not bow out of the property industry when he retired. He is president of a housing association, a non-executive director of Chesterfield Properties and Warnford Investments and he continues to take an interest in his former surveying practice, which is now an international firm.

There is a trace of regret in his voice when he talks about the surveying profession. He contrasts today's "young university trained surveyors with their computers" with the old-style agents who built their experience from pounding the streets, assessing the value of each and every property and from many years of "trust, confidence and personal contact with individual clients". "In those days, there was a special flair and intuition. That has almost disappeared," he mourns.

The change has been "a bitter pill" for the old-style surveyors who think that modern commercial standards, competition and outside capital investment will lower professional ethics, he says.

"I look at this business from a different angle from today. The boss of our business was principle not principal."

For all that, Mr Erdman concludes that surveying practices like his own are on the right path. And he does not suggest that all agents behaved impeccably in the old days. Back in the early 1930s, one of his colleagues whose job was to canvass shopkeepers for business, got away with being on three separate payrolls simultaneously.

Mr Erdman's long memory is particularly valuable in assessing the severity of this property downturn. The paucity of records in the industry makes it difficult to judge the severity of the current recession against those in the first half of the century. Mr Erdman reckons the present slump is the worst he has experienced.

In the 1930s, the emerging retail multiples needed more shops, which partially offset the ravages of the depression. Even so, his description of Regent Street in 1937 bears an eerie similarity to the present crash. "Many well built crown properties on the west side were empty and to let. Some occupiers during the slump even complained they could not pay the rates."

There was a hiatus in the London property market during the second world war, although there was no shortage of demand for buildings from the army and government. After the war, Mr Erdman returned and re-opened the practice in Mayfair, and tried to find offices for businesses which wanted to reestablish themselves.

Since domestic servants were no longer easily obtainable, many occupants of large Mayfair houses decided to move away. Mr Erdman matched demand with supply by obtaining temporary licenses from the Greater London Council to use the houses as offices (some of which have recently reverted to residential use).

The 1974 property crash was "no comparison at all" with the current downturn, according to Mr Erdman. As one of the seven specialists who sat on the Treasury's property advisory panel in 1974, he thought that the problems were manageable.

"As rents were reasonable and there was not a huge oversupply of new buildings, all that was necessary was to ensure that people did not rush into forced sales".

By contrast, Mr Erdman is damning about the current state of the market.

"In the 1980s everything went mad. Rents and capital values rocketed. Without wearing glasses, anyone could see that the market was overheated. Younger and younger people were coming into the business and they got the idea that things keep going up and don't go down."

"I have been through three recessions," he concludes. This one is the worst because too much money was lent without caution."

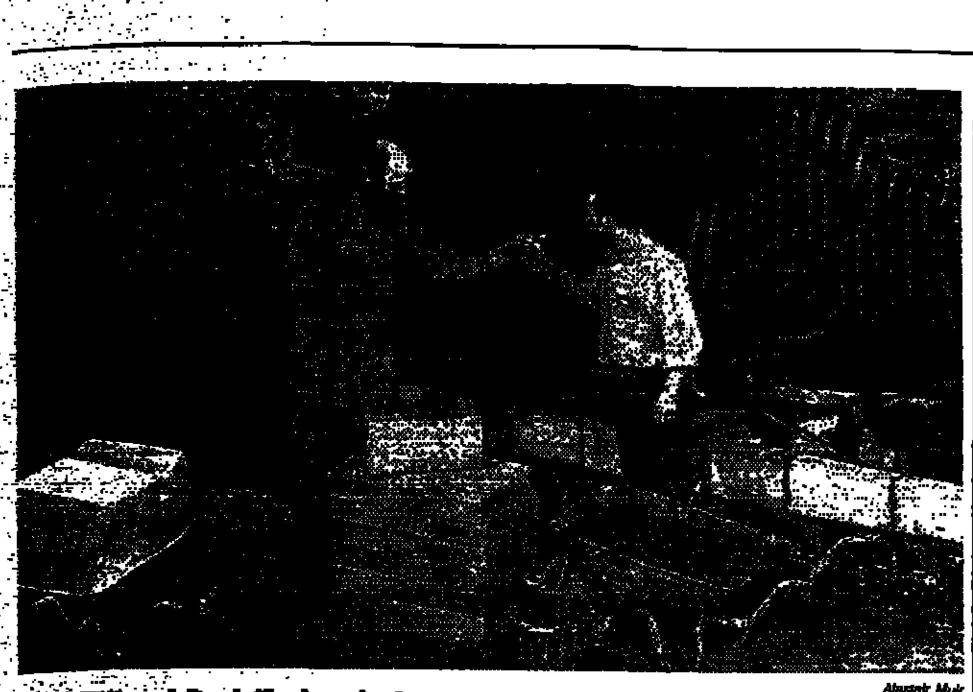
People & Property, published by Batsford, 1982

TOTAL RETURN (%)

	Retail	Office	Industrial	All Properties
Year to Nov 91	1.7	-8.8	5.5	-1.8
Quarter to Nov 91	2.0	-1.2	2.9	1.0
Month of Nov 91	1.0	-0.2	0.9	0.5

Investment Property Databank

ARTS



Alastair Muir

Dave Hill and Paul Slack: a look at recent history in the face

The Gulf Between Us

WEST YORKSHIRE PLAYHOUSE

Even before it opened Trevor Griffiths' new play, which he directs himself, was sending shockwaves around the north of England: a leading playwright of the left was being let loose on a war still warm in the public imagination. That he is the first major playwright to confront the Gulf War on stage says something about our reluctance to look our recent history in the face. The fuzzy awkwardness of his response says yet more about the disarray among left-wing thinkers still struggling to find a new coinage in the ruins of the old order.

While setting the play in an unnamed war and country, Griffiths makes it quite clear what and where they are. It opens with the unforgettable image of the Gulf war: a bomber closing in on its target with view-finders trained for the much-vaunted surgical strike. Seconds later we are on the bomb-shattered ground beside the swathed ruins of a mosque with a neat torpedo hole in both sides.

Billy Ryder (Paul Slack), a cocky British brickie turned entrepreneur, has been ordered at gunpoint to repair the damage before nightfall. His "mate" for the job is a bearded oddball transformed, by an error on his identity papers, from a glider into a builder. They are guarded by an innocent called Ismael, (Akram Telawe) who carries a cellular telephone in one hand and a machine gun in the other. In the background is the din of rioting women who believe their children were inside the mosque when it was struck.

This then is a play about the morality of warfare as seen by the people on the ground: echoes of the infamous bunker tragedy, when sheltering women were killed at the height of the Gulf War, are too clear for there to be any serious doubt that the children will turn out to have died. One awaits the impassioned lecture about wasted life and US imperialism, which is dutifully delivered by the woman doctor who discovers the corpses deep into the second act.

Yet instead of using the incident to score propaganda points, the Arab authorities are uncharacteristically bent on a cover-up. This is the plotting twist that enables Griffiths to establish his position. He is not simply banging the drum of East against West but of footsoldiers and civilians against the war machine, whether operated by bungling local officers or cynical long-range decision-makers.

Old-fashioned Marxist historical analysis is softened and refracted by the introduction of what Griffiths himself calls a "magic realism", centred on the figures of O'Toole and a wacky Asian youth who turns out to be his apprentice. Dave Hill, tall, bearded and studiedly ambiguous, plays O'Toole like an Old Testament seer whose identity baffles the touchingly prosaic Billy and Ismael, turning their naive preconceptions to the sort of subversive social comedy at which Griffiths excels.

When isolated in a spot of orange light O'Toole becomes a prophetic story-teller, urging us to learn the lessons of history; moving forward into the plot, he acts as a deliberate spoiler, smashing a brick down on Billy's hand to prevent him completing the mosque wall before its message is clear.

Like so much in this play he is a fascinating and flawed figure, representing a wholly admirable desire to escape the shackles of polemical theatre, but in doing so, allowing the focus to become fuzzy and the impact dissipated. At worst he is a device for evading the underlying issues of the conflict: its economic imperatives, its religious trappings. A complicated, and ongoing, political mess is sentimentalised into a simplistic fable about the inevitable sacrifice of innocent lives in war.

Claire Armitstead

Painting Churches

THE PLAYHOUSE

It seems to be America week in the London theatre. After the revival of Arthur Miller's *All My Sons* at the Young Vic now comes Tina Howe's *Painting Churches* at the Playhouse.

Ms Howe is a playwright who specialises in extravagant settings. One of her plays which I like is set in a major American museum of modern art and is duly called *Museum*. Another, *The Art of Dining*, is set in a restaurant while her *Coastal Disturbances* takes place on a beach with the ocean heaving in the background.

Painting Churches is thus a deliberately teasing title, given Ms Howe's other works. The Churches are a Boston family, not ecclesiastical buildings. The painting is a portrait of her parents, done by their daughter, Margaret. The author admits in a programme note that the piece is ever so slightly autobiographical.

It is certainly sentimental, but that is a characteristic of so much American theatre and not even *All My Sons*, for all its other virtues, is entirely free of it. Gardner Church is a poet who knew Pound and Frost and André Malraux. He has now run dry and gone slightly gaga. He is married to a rich Bostonian, but believing that you should never dip into capital, the couple are preparing to move to their Cape Cod house for good. The daughter turns up to help on condition that she can paint them for her New York exhibition.

The dialogue between the parents recalls for me a famous *New Yorker* cartoon of an elderly couple sitting in a restaurant looking at the menu and one of them saying to the other: "Darling, remind me, which one of us doesn't like caviar?"

That remark is not without affection or style and is broadly how the Churches talk to each other. Fanny is trying, in her own words, to "exit with a little flourish" while still looking after her husband.

Clearly the couple had great style once. When asked to sit for the portrait, they pose successively as Grant Wood's American Gothic and Michelangelo's Pietà and The Creation. (Ms Howe is very good in dealing with art, as *Museum* showed.) Finally they sit in black tie and the female equivalent.

At the end the portrait is never shown to the audience. Instead we see the couple watching its unveiling, Fanny hostile at first, then beginning to like it. "You know what it is?" she says. "The wispy brush strokes make us look like a couple in a French Impressionist painting." They begin slowly to waltz. Margaret is pleased that she has impressed her parents at last.

There is also a parakeet who recites bits from Gray's Elegy, apparently a genuine bit of autobiography. I rather liked the mild mixture of wit and poignancy, but have to admit that many people will find the New England style rather slow.

There is not much that the director, Patrick Sandford of the Nuffield Theatre, Southampton, nor the cast of Leslie and Sian Phillips and Joise Lawrence can do to speed it up. It is like the Elegy with a touch of the *New Yorker* thrown in.

Malcolm Rutherford

Surrealist comes out of the closet

William Packer on the work of Alberto Savinio currently at the Accademia Italiana

It is not the easiest thing to be the artist son or younger brother of an established reputation, especially if that reputation is critically uncertain or in decline. Invisibility, in such a case, is not quite the physical impossibility we might suppose. It took two major surveys of 20th century Italian art, at the Royal Academy in London early in 1989 and at the Palazzo Grassi in Venice a few months later, both of them sponsored by Fiat, and the Tate's *On Classic Ground* in 1990, sponsored by Reed International, to bring the surrealist painter, Alberto Savinio, back into the light *in propria persona*. And now the Accademia Italiana happily completes the process by bringing to London a select but ample retrospective of his life's work (24 Rutland Gate, until February 23: sponsored by the Banco di Santo Spirito and, for the catalogue, by Alenia).

Savinio, who died in 1952 at the age of 60, was the younger brother of Giorgio de Chirico, the first and foremost of the Italian metaphysical painters of the years around the First World War. He took his pseudonym in 1914 to distinguish himself from his brother's celebrity, in Italy at least, for he was active himself within the avant-garde circles of Futurism and the Metaphysical Movement, though as writer and composer rather than as painter. It was not until 1927 that he turned to painting, but by then, though he would win enough domestic reputation over the next 25 years to merit a memorial show at the Venice Biennale of 1954, the world had moved on.

We should not be too surprised at his comparative obscurity. It is true of all national schools that they contain artists of true quality and stature that the rest of the world knows little about – we think of our own Spencer, Bomberg, Matthew Smith, Freud until lately, even Sickert.

If Savinio's case is unusual, the fault is somewhat of his brother's making, or rather of his critics' reading of his work. For metaphysical painting, forerunner of surrealism yet quite distinct, and admittedly of authentic art-historical significance, was held by the 1920s to have had its day. And with it, down the critical chute, went de Chirico, of whom the long-received opinion was not that his later work was of marginal interest, but of no interest or worth at all.

The retrieval from neglect of Italian painting between the wars in general, and the rightful reappraisal within it of de Chirico in his later career, have been among the more interesting moves in our revisionist times. The perhaps unexpected effect has been not merely to re-examine the movements and tendencies of which artists as various as Sironi, Carra, Martini, Morandi, Pirandello, de Pisis, Casorati, Severini and, of course, Savinio were a part, but to put greater and particular emphasis on the work of the individuals themselves.

Savinio is as notable a beneficiary as any, paradoxically so in having so long persevered under a pseudonym he manifestly never needed. He is truer, which is to say more unequivocal a surrealist, than his brother, if surrealism, of which the very essence is contradiction and ambiguity, could ever be unequivocal. Unequivocally ambiguous might do it. His imagery is rich in transformations, monstrosities and double-functions, in a tradition that goes back to Bosch and Archimboldo: faces as concoctions of still-life; figures with the heads of ostrich, owl or turkey-cock; emblematic heaps of brightly coloured *blocks, balls, poles*. And over all there hangs the sense of ancient spirits, gods and demons, the more threatening and disconcerting for lurking in such a comical and lugubrious manner. Neptune rises monstrous at the far end of the silent, deserted quay. The river god peers boggle-eyed above the farthest mountains.

Surrealism is essentially a literary genre, drawing its imaginative authority from the power of its imagery, and the interpretative indulgence it affords. The execution must shift for itself, and Savinio, with his habitual desiccated tempera surfaces, carries itoff more by his whole-heartedness than technical sophistication, more enjoyably robust than subtle in its seductions. Yet surrealism in its Italian variety always retains a quality of the metaphysical, a quality of mood and atmosphere, a heightened, febrile atmosphere at that, fraught with the sense of nightmare, of an impending, unknowable doom. The form is too solid, the space too clear, the light too strong for comfort. Like his brother, Savinio will always keep the fearful patient's temperature a degree or two too high.

'Neptune', 1950, by Alberto Savinio

English Heritage reveals the need to shore up rotten wood

Jocelyn Stevens has already warned that he regards the staff of English Heritage as so much dead wood that he will axe vigorously when he takes over as chairman in April. But a report produced by EH suggests that much of his formidable energy will be best spent shoring up the rotten wood in many of England's 500,000 listed buildings.

A comprehensive report from English Heritage reveals that over seven per cent of the listed buildings in the country are at risk, while another 14.6 per cent are in a vulnerable condition, making over 100,000 structures giving cause for concern. Listed buildings are given protection from demolition, but not from neglect, and the state of many, especially those in remote areas, left vacant and of no practical use, such as windmills, chapels, follies, barns, warehouses, etc. is causing concern.

Around two per cent of the building stock of England is listed, but this only protects it from demolition or drastic alteration: not from being left to decay. That is perhaps the main significance of the Buildings at Risk survey: it highlights a problem, and, ideally, prods local authorities into taking action.

What makes matters worse is that, in actual numbers, most of the buildings causing concern are "domestic", which, if lived in, could be brought up to scratch. Once they are left to deteriorate repair becomes costly. The fact that two thirds of the buildings at risk are not in conservation areas (a half of all listed buildings nestle in such protective covering) probably accounts for the lack of concern for them.

The report is good at highlighting the problem but poor at coming up with solutions. It points out that at greatest risk are Grade II buildings. Legislation is needed to extend financial aid to these, especially those not in conservation areas.

The cheap solution would be to require owners of listed buildings to accept responsibility for them, with local authorities not offering money for repairs but threatening to wield the legislative stick of enforced renovation.

The survey produces few surprises and few solutions. Perhaps Jocelyn Stevens will provide the drive to put pressure on the Government to take the slow deterioration of the nation's building heritage more seriously. One hopes he will spend less time in alienating personnel and concentrate his energies on unlocking the legislation, and the money, needed to preserve the commonplace physical legacies of our history.

Antony Thorncroft

Tallis Scholars

ST JOHN'S, SMITH SQUARE

The elderly lady with whom I attended this concert remarkably heard her first Palestrina Mass at Brompton Oratory in 1913. At that time, as she remarked, it would have been unthinkable to predict the sort of public following in this area now enjoyed by the Tallis Scholars following their television profile on *The South Bank Show*.

For this appearance the choir had attracted a capacity audience (not perhaps surprising when Allegri's Miserere was on the programme). More telling was the attentiveness with which people listened. Apparently it is the composers of the Italian renaissance, rather than their English contemporaries, who draw the crowds when the Tallis Scholars are on tour, for example in Japan, and Palestrina and Gesualdo helped fill St John's on Wednesday.

When one considers the continual turnover of personnel in chamber choirs, the Tallis Scholars have maintained an unusually distinctive style. For this the firm and scholarly direction of their founder, Peter Phillips, must be the main cause. He leads a choir of a dozen singers, a little smaller in size than some comparable groups, and draws from them a bright sound, almost astringent when he wants it to be, which gives a cutting edge to words and rhythms.

It is a style of early music singing that focusses keenly upon essentials. In Palestrina's *Missa Ut re mi fa sol la*, an interesting mass to hear as its cantus-firmus (the music's central building-block) simply runs up the scale defined in its title, each of the various sections was neatly differentiated. The flowing lines of the "Sanctus", for example, achieved a contrast of mood without recourse to exaggeration.

It may be that the Tallis Scholars' way with the music would have sounded consciously interpreted in Palestrina's day, but it is effective and reasonably economical according to today's understanding on such matters. A group of four of Gesualdo's *Tenebrae responsories* caught well the unsettling quirkiness of that composer's music. The Allegri was made the more effective by placing a quartet of singers away from the main body in a rear gallery.

In every item the standard of choral singing *per se* was exceptionally high. Whether it is the increasing popularity of early music that has brought forward performers of this quality or the performers that have attracted the audiences, it is impossible to say. Either way the spread of knowledge and enjoyment in this music proceeds apace.

Richard Fairman

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

Next Wednesday the New York City Ballet presents the world premiere of Peter Martins' new choreography Delight of the Muses, set to a commissioned score by Charles Wuorinen. The work will feature three lead dancers, two soloist couples and a corps of 14. Wuorinen's score uses fragments of three works by Mozart as source material – two early piano sonatas (K281, 283) and part of the stage music from Don Giovanni. Further performances at the New York State Theater are on Feb 2, 7, 16 and 22 (870 5570).

The three Mozart-Da Ponte operas make up Daniel Barenboim's concert programmes with the Chicago Symphony Orchestra in February. The series opens with Le nozze di Figaro (Feb 2, 7, 12) with Lella Cuberli as the Countess, Joan Rodgers as Susanna, Cecilia Bartoli as Cherubino and Ferruccio Furlanetto as Figaro. Furlanetto sings the title role in Don Giovanni (Feb 4, 8, 13) with Waltraud Meier as Donna Elvira and Michele Pertusi as Leporello. Several of these artists also sing in Cosi fan tutte on Feb 5, 10, and 15 (435 6666).

It's all change in Brussels. Bernard Foccroulle has succeeded Gerard Mortier as director of the Monnaie, and the new opera season opens on Feb 2 with the first of two productions ushering in this year's Rossini bicentenary: Il barbiere di Siviglia is conducted by Carlos Kalmar and staged by Nicolas Brieger with a cast including Alison Browner and Raul Gimenez (nine performances till Feb 20); and later in Feb, La donna del lago receives four concert performances conducted by Maurizio Barbacini, with a cast including Anna Caterina Antonacci and Martine Dupuy (219 6341).

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Rembrandt: a major international exhibition capitalising on the latest developments in Rembrandt research and attribution. Ends March 1. Closed Mon

Van Gogh Museum Edouard Vuillard (1868-1940): the exhibition concentrates on his early to mid-career, showing how his development as a painter owed much to his home environment. Ends March 8. Also Edgar Degas: 73 bronzes which were cast from a large number of wax and clay models found after the artist's death. Ends Feb 23. Closed Mon

BARCELONA

Fundacio La Caixa Modest Urgell (1839-1919): more than 70 paintings and drawings by the pre-Symbolist artist whose favourite subject was the rural landscape of his native Catalonia. Ends April 5. Closed Mon

Fundacio Joan Miro Aiko Miyawaki and Frank Gehry. The Japanese sculptress presents her recent Utsuroshi series of steel wire sculptures, together with a selection of paintings and sculptures produced before 1980. The American architect Frank Gehry (b1929) is represented by models, drawings and photographs of 26 projects. Ends Feb 2. Closed Mon

BASLE

Kunstmuseum Hans Holbein the Younger (1497/8-1543): an exhibition, drawn from the museum's own rich collection of Holbein's work, focusing on drawings and page illustrations. Ends May 17. Closed Mon

Museum für Gegenwartskunst Clemente, Disler and Himmelsbach. The Neapolitan artist Francesco Clemente (b1952) is represented by Testa Coda, a series of 27 paintings from 1988-90; the Swiss artist Martin Disler by seven large paintings dating from a year ago; and Rut Himmelsbach (b1950) by works inspired by photographic forms. Ends March 2. Closed Tues

BERLIN

Käthe-Kollwitz-Museum Egon Schiele (1890-1918): more than 100 drawings and water-colours by the Austrian Expressionist painter. Ends March 2. Closed Tues

Martin-Gropius-Bau The Jewish World: a major survey of Jewish lifestyle, culture and history around the world. Ends April 26. Daily

Altes Museum Martin Schongauer: exhibition marking the 500th anniversary of the death of the first great engraver of German art. Ends Feb 16. Closed Mon and Tues

BERNE

Kunstmuseum La Caricature: the complete, full-bound edition of the satirical French-language magazine from 1830-35, with 200 lithographs by Honoré Daumier. Ends March 22. Closed Mon

COLOGNE

Museum Ludwig Pop Art: 250 works from the 1950s and 1960s illustrating the reaction against abstract art and the consumer society. Ends April 5. Closed Mon

FLORENCE

Palazzo Pitti Caravaggio: an exhibition marking the centenary of the birth of the Italian critic Roberto Longhi, who spearheaded the current vogue for the Baroque master. Ends March 15. Closed Mon

Palazzo Strozzi Gustav Klimt: portraits, pastels, drawings and theatre sets by the Austrian Jugendstil painter. Ends March 8

THE HAGUE

Mauritshuis Bredius, Rembrandt and the Mauritshuis: an exhibition honouring the Mauritshuis curator who was a pioneering expert on Rembrandt and bequeathed his own paintings to the museum. Ends March 1. Closed Mon

LAUSANNE

Musée d'art contemporain Robert Mapplethorpe: 170 black and white photographs and portraits by the American artist. Ends March 15. Daily

Musée des Beaux-Arts Louis Ducros (1748-1810): a selection of the 450 works in the museum's Ducros collection, illustrating the influence on the Vaudois artist of his work in Rome, Naples and Sicily. Ends March 22. Closed Mon

LONDON

Royal Academy of Arts Andrea Mantegna (c1431-1506): 150 paintings, drawings and engravings by one of the greatest artists of the early Italian Renaissance, including the Adoration of the Magi and the celebrated series of nine canvases of The Triumphs of Caesar. Ends April 5 (Tickets can be booked in advance from the Royal Academy tel 071-287 9579). Also Katsushika Hokusai (1760-1849): sketches, paintings and 150 printed works by the most celebrated Japanese artist in the West. Ends Feb 9. Daily

Accademia Italiana Alberto Savinio: 60 paintings and drawings from 1925 to 1952 by the multi-talented Italian Surrealist. Ends Feb 23. Closed Mon (24 Rutland Gate SW7)

Goethe Institute Gerhard Richter: works on paper 1966-1990 by one of Germany's most eminent living artists. Ends Feb 8. Closed Sun (50 Princes Gate, Exhibition Road SW7)

MADRID

Fundacion Juan March Richard Diebenkorn: retrospective of the American artist covering the years 1949-1985. Ends March 8. Daily

Centro de Arte Reina Sofia Lyubov Popova: more than 100 paintings and works on paper by a leading figure of the early 20th century Russian avant garde. Ends Feb 17. Closed Tues

Museo de Arte Contemporaneo Czech Cubism in design and architecture. Also Photographs of Karl Lagerfeld.

MARTIGNY

Fondation Gianadda Calima: the treasures of goldsmiths' work and ceramics bear witness to the refined civilisations in ancient Columbia. Ends March 8. Daily

NEW YORK

Whitney Museum of American Art William Wegman: a retrospective of the artist best known for his photographs of his dog Man Ray and for his droll sense of the absurd, with 191 paintings, drawings, photographs and videotapes made between 1970 and 1990. Ends April 19. Also Alexis Smith (b1949): a mid-career survey of the Californian artist who has re-invigorated American collage in the past 20 years. Ends March 1. Closed Mon

Metropolitan Museum of Art Royal Art of Benin: 150 works in brass, ivory and wood from West Africa, dating from the 14th to 19th centuries. Ends Sep 13. Also French Architectural and Ornament Drawings of the 18th century. Ends March 15. Also Stuart Davis (1894-1964): the first retrospective of the American modernist for more than 25 years. Ends Feb 16. Closed Mon

PARIS

Musée des arts decoratifs Dubuffet: the founder of art brut donated his own collection of his work to the museum in 1967. Ends March 29. Closed Mon and Tues

Musée des Arts de la Mode Elegance and Fashion in 18th century France: 80 exhibits from French Regency to the Revolution. Ends March 31. Closed Mon and Tues (107 rue de Rivoli)

Musée d'Art Moderne Alberto Giacometti (1901-66): an exhibition illustrating the Swiss sculptor and painter's despairing search for an adequate representation of the human figure. Ends March 15. Closed Mon (11 ave President Wilson)

ROME

Palazzo Ruspoli Canova sculptures and the Farsetti Collection from the Hermitage in St Petersburg. Ends Feb 28. Daily

ROTTERDAM

Museum Boymans-van Beuningen Prints by Stefano della Bella, a favourite of the 17th century Florence and Paris courts who later sank into oblivion. Ends March 8. Closed Mon

WASHINGTON

National Gallery of Art Gerard David's Saint Anne Altarpiece: for the first time since 1902, the three panels of the restored altarpiece by the early 16th century Dutch artist have been brought together with seven smaller panels (from museums in Edinburgh, Chicago and Toledo, Ohio), which may have been part of the original altarpiece. Ends May 10. Also Walker Evans: photographic documentation of American life during the Depression. Ends March 1. Also Albert Bierstadt: comprehensive retrospective of the epic 19th century American landscape painter. Ends Feb 17. Daily

National Museum of American Art Gene Davis: nine works illustrating different stages in the career of an artist who relies on improvisation, spontaneity and colour. Also recently acquired prints and drawings by more than 60 artists, including Willem de Kooning, Susan Rothenberg and Terry Winters. Ends March 1. Daily

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Cajoling the Japanese

DO NOT fret about our rising current account surplus, Japan's Ministry of Finance has told the world: its recent surge merely reflects "special" factors which will ultimately go away. But Japan has got its logic upside down: the world economy needs Japan's current account surplus to resume its rising trend; but not in 1992. It is the "special" slowdown of Japanese domestic demand, thereby cutting import demand, that is most worrying the rest of the growth-starved world.

The world will need Japan's current account surplus once economic growth finally picks up. The contraction of the world's savings pool over the past decade, alongside a continually rising demand for investment capital, has forced up world real interest rates.

Only Japan has bucked the trend. Its willingness to save more than it invests domestically, thereby exporting the surplus, has prevented real rates from rising further. The corollary of such a capital outflow is a current account surplus. This surplus has provided a convenient totem for protectionists in general and troubled US and European multinationals in particular. But the rest of the world should give three cheers for Japan's prudence.

Future income

Japan's motives are not purely altruistic. It will have a rapidly ageing population over the next 30 years. So both individuals and the government are investing abroad to provide a future income stream. The government has accumulated a social security fund which now exceeds 50 per cent of Japanese gross domestic product. The Japanese government has gross debts of more than 60 per cent of GDP, but almost all of them are held by the social security fund. Overall, the government should be a net creditor by 1994.

Yet last year's rising trade surplus reflects the current slowdown in Japanese domestic demand rather than any structural rise in its savings propensities. National savings have risen while imports have slumped, falling by 14.4 per cent in the year to last November. This Japanese growth recession is one Japanese export that the rest of the world certainly does not need. Moreover, the continuing financial squeeze and lack of confidence among Japan's banks represents a further important source of deflationary pressures worldwide.

Austere budget

The Japanese government could offset this domestic slowdown by a more active fiscal policy. But the 1992 budget is typically, if needlessly, austere; there is ample room for an expansionary supplementary budget package; and there are many areas in which the government could usefully increase public investment.

Yet the main threat to growth is the persistently tight stance of Japanese monetary policy. The Bank of Japan's reluctance to ease policy at more than a cautious pace is understandable. Its governor, Mr Yasushi Mieno, has done an *exceptional job of repairing* the damage done by the loose monetary policy pursued by his predecessor under heavy US pressure. Japan's asset market bubble has been deflated with, so far, the minimum of disruption to the real economy.

Yet a renewed bout of asset price inflation is no longer the main threat to Japan's financial stability, as Mr Mieno must well understand. Confidence is low, banks do not want to lend, retail sales are sluggish, overtime working is down, and bankruptcies are rising, especially among heavily-indebted small and medium sized companies. That share prices are still falling, even after the collapse of the last two years, reflects this growing sense of gloom. Little wonder then that monetary growth remains very sluggish.

Against this depressing background, the last thing either Japan, or the world, needs is persistently high Japanese interest rates aimed at boosting the value of the yen in a mis-conceived attempt to cut the trade surplus. What Japan does need is an easier monetary policy, as Mr Mieno will be (respectfully) informed at this weekend's meeting of officials from the world's seven largest industrialised countries. He should listen with "special" attention.

Life policies oversold

THE DISPUTE within the Unit Trust Association, which has resulted in the departure of five of its leading life assurance company members, has been a clear sign of growing tension within the retail investment services industry.

The enormous commercial success and political lobbying power of the life industry is increasingly resented by other competitors. The life companies tend to respond by suggesting this amounts to sour grapes on the part of rivals who have failed to market their products so effectively. But they ought to worry about whether their success has been at the expense of the financial well-being of too many of their clients.

A survey conducted for the Securities and Investments Board, the investment watchdog body, has shown that typically about 30 per cent of long-term plans lapse within two years. This involves heavy losses for those involved, and is clear evidence of overselling.

Direct sales forces are worse in this respect than independent advisers. In the category of unit-linked pension plans marketed through direct sales forces the two-year lapse rate is an alarming 45 per cent.

But the sales campaigns continue at a high pitch. This month, about 700 of the salesmen of MI Group are moving over to the already existing but almost unknown Citibank Life. The life industry has become sales-led to a disturbing degree. No longer do companies look for sales forces, but sales forces look for companies.

Low quality

It is the industry's oldest cliché that life assurance is sold and not bought. But the importance of the name and quality of the product has never been as low as now, and the power of a well-organised sales force never as high.

Even some of the traditional offices ought to be very worried. Until now, the life companies have maintained a strong and united lobby in order to secure the regulatory concessions that could underpin their growth. For example, when the Financial Services Act was being developed in the mid-1980s, polarisation was a compromise which enabled life companies to escape the consequences of poor disclosure to clients and conflicts of interest among their agents. Salesmen could only sell the products of a single company, and independent intermediaries had to offer unbiased advice right across the market place.

In practice, however, this has led to shrinkage of the independent sector, which has proved especially damaging to unit trust companies: they cannot in most cases afford to develop other distribution methods, such as sales forces or direct mail. There are, in addition, potentially serious effects on many of the mutually-owned life offices which have also been slow to diversify their distribution.

Tougher stand

The UTA has decided to make a much tougher stand against polarisation and against poor life company standards of disclosure of commissions and other costs than it did in the mid-1980s. The recent squeeze on unit trust sales has concentrated minds.

There is indeed growing concern about not only the costs but also the suitability of a significant proportion of sales of life contracts. All the same, the general tone of the UTA's submission to SIB before Christmas may have been unwisely strident. The accusations were indiscriminate and inflammatory; in contrast, it may be in the UTA's interests to make common cause with the more moderate elements in the life industry rather than to put the life offices in a position that they are forced to defend their existing selling methods without qualification. Now the UTA, after internal protests, is being forced to put out a bowdlerised version.

But whatever the detailed compromises the UTA must stick vigorously to its campaign to release unit trusts from the shackles of polarisation. If the life companies should protest that this would be unfair, they could be told that, by improving their standards of disclosure to investors, they could be freed too. But so long as the overselling of life products continues they should not expect much sympathy from the regulators.

The German government is out to shake up the country's fragmented capital markets, report **Christopher Parkes** and **David Waller**

Politics comes to the Finanzplatz

In the space of a few days over last weekend, the German Finance Ministry published a project for sweeping reforms of the country's securities and money markets, and the Frankfurt stock exchange board aired plans to introduce computerised trading. Then Chancellor Helmut Kohl, no less, popped up in the city championing finance minister Mr Theo Waigel's reforms, computers for all, and nominating Frankfurt as the natural home of the European central bank. It was, said a man from the Finance Ministry, "probably a coincidence".

Probably hogwash. Nothing much goes on in German economic life that is not carefully programmed. And what happened, suddenly last weekend, was that the government took the country's financial establishment by the scruff of the neck and shook it.

"Nothing has happened for 30 years," says Mr Paul Berwein, a leading Bavarian broker. "But now everything is in the process of change."

Undoubtedly correct. Behind all three initiatives lies a concerted drive to get German markets out of their provincial backyards and up to the technological and service standards of competing financial centres in New York, London and Tokyo. The campaign slogan is "*Finanzplatz Deutschland*" and the campaign base has moved from the boardrooms of banks and bourses all over Germany, to the former barracks which serves as a Finance Ministry in Bonn.

Over the past two years, Finance Ministry officials from Mr Gert Haller's finance and credit department have listened to all the interested parties: banks, traders, investors, lawyers and politicians. Following a round-table session last October, Mr Haller selected from the disordered debate the elements which he considered crucial for the development of *Finanzplatz Deutschland*, bundled them up with a few ideas of his own, patched them with some proposed legal amendments, and went public.

Chancellor Kohl's immediate endorsement of the strategy gives Mr Waigel a formidable ally in the task of pushing it through. The politicians have now taken matters in hand after years of squabbling among the country's eight provincial bourses, which typically see any attempt at change as a threat to their supposed independence, an attack on German federalism, or more encroachment by the Frankfurt bullies, who account for 70 per cent of securities turnover.

The government view is that it is high time a more mature debate got under way. As Mr Waigel's paper said: "As the third largest industrial nation in the world, Germany needs a fully-developed financial market."

It pointed to reforms in the US, Britain and Tokyo, and implied that unless Germany's financial industries kept pace they would lose more domestic business to outsiders. The fragmented and cumbersome nature of German markets and systems hampered participation in the development of global dealings. The country could be disadvantaged in the single European market and would be unable to assume its "predestined pivotal role" in the financing of economic development in central and eastern Europe.

The ministry's strategy for re-arming *Finanzplatz Deutschland* comprises:

- Legal amendments to give investment trusts greater flexibility. These include permission for them to issue money market funds, and approval for securities lending.
- *Supervision of securities markets* by a national, self-regulatory authority, reinforced with new laws and sanctions for breaches of rules. Insider dealing, for example, would be punishable by up to two years' jail.
- Improvements in investor protection and information, and greater transparency of markets.
- Political support for the introduction of new technology, notably computerised dealing.
- Backing for an industry project for the establishment by the eight regional bourses of a Deutsche Börse AG, a company which would provide central services for all participants.

All the necessary legal changes should be completed, and decisions taken on computerised trading and the Deutsche Börse, by the end of the year, the paper says.

Implementation of the plan will serve two main functions: modernising antiquated market structures and plugging the gaping holes in the existing regulatory system. At present regulation of the eight bourses is split between state governments, the Federal Banking Supervisory Office in Berlin, and market participants. Confusing and opaque, this system's value and efficiency has been brought openly into question by several recent scandals. The Frankfurt exchange is currently investigating alleged insider trading at Deutsche Bank; the Finance Ministry in Hesse, home state *to the Frankfurt financial services* industry, is probing certain market practices, while the city's tax men are grilling 400 traders at leading banks and brokers over alleged tax evasion.

Bankers and the government agree that their collective impact is politically embarrassing and damaging to the industry's reputation.

Moreover, the existing fractured structures mean that the country has no central, liquid stock market. "Most of Germany's major stocks are quoted on all eight exchanges," says Mr Berwein. "There are different prices in Bremen, Stuttgart and Berlin. Arbitrageurs operate in between and what liquidity there is is divided between all eight."

The government has taken the financial establishment by the scruff of the neck and given it a thorough shaking

The present federal structure, as one senior Finance Ministry official points out, is almost impossibly complicated: the country's stock exchanges are governed through inter-state treaties between all 16 German Länder, even those without stock *exchanges, and "too much argument* and long-winded voting processes" for even the smallest adjustments.

Mr Christian Strenger, managing director of DWS Deutsche Gesellschaft für Wertpapiersparen, a Deutsche Bank investment management subsidiary with some DM50bn under its control, says: "Looking in from the outside the existing system is not easy to understand. It is beautiful in some ways, but it has laborious ways of working and foreigners have a tough time understanding it."

Mr Berwein, whose brokerage is part of the London-based Warburg group, agrees: "It is lunatic for the supervision of a modern stock exchange to be handled in this way."

One result of this lunacy, according to local securities industry practitioners, has been the export of a big slice of the German securities market. Foreign investors seeking D-Mark assets, and put off by high costs and the intricacies of the eight-exchange German market, have turned to offshore sources. A large proportion of the trade in shares of the 30 biggest German companies is handled through Seaq International, a London-based telephone dealing operation. In 1990, for example, 16 per cent of all trade in shares of the Bayer chemical group was carried out through Seaq.

Bankers have warmly welcomed Mr Waigel's new package. Mr Fritz Losukow, a director of Commerzbank, for *example, proclaims that it is "sensational"* that the government has at last taken the initiative and given more support to the capital markets.

Mr Gerhard Eberstadt, a main board director at Dresdner Bank, is just as keen: "We are very happy ... the activities of German capital markets have never before been put in the limelight by the government," he says. "Recent scandals could have been avoided if we had had insider trading laws. With voluntary controls you have no weapon to hand when you come to a problem."

It is in part the scandals that have brought Germany's eminently conservative banking community to the point of favouring central regulation and a more powerful central organisation for the stock market.

Another important factor is the realisation that European Community regulations on the free movement of capital are inevitable. Germany also needs new instruments and structures if it is not to surrender its role as a conduit of capital to east Europe and others. And then there are the immense capital demands for the reconstruction of the former DDR.

But will the proposals stick?

There are certainly some little local problems to overcome. In the past, for example, the independent Bundesbankhas opposed investment trusts being able to issue money market funds, on the grounds that they undermine its minimum reserve policy. Ministry officials claim the central bank is coming to recognise the need for more flexibility in capital markets. Commercial bankers, meanwhile, say that the Bundesbank has not changed minimum reserve requirements for years, and that they are obsolete. "Money market funds are something the German market has been desperate for," one said.

A far greater obstacle is likely to be the entrenched opposition in the Länder to any loss of control over regulation. And since the opposition SPD governs most of the federal states, and controls the Bundesrat (the upper house through which all legislation must pass), Mr Waigel is not going to have an easy time.

The Hesse Land government, for one, is adamant that it will oppose centralisation. "We want responsibility for regulating bourses to remain at state level," insists one local Finance Ministry official. "We are not prepared to enter into any compromise which will reduce our authority."

But Hesse and the other states have already given much away. They weakened their hand – probably fatally – in 1990 when they asked the government to represent federal interests at the International Organisation of Securities Commissions, the world regulators' club. Mr Waigel also has a powerful and persuasive ally in the banks, which often have strong regional links. Many are part-owned by state governments, and are regarded as valued financial advisers as well as being sources of capital.

It may thus take longer than the 10 months Mr Waigel has given himself to see his proposals in place, but most of the pointers indicate that *Finanzplatz Deutschland* will come into being sometime next year.

Where will that leave the regional stock exchanges. A senior Finance Ministry official suggests they might keep some functions such as control of issuing licences to traders and firms. The ministry view is that their proper job is to act as gateways into capital markets for new flotations, or as specialists in particular regional industries. "The regional bourses must take responsibility for their own competitiveness," says the ministry paper. "On the other hand, *Finanzplatz Deutschland*, if it wants to compete with the great exchanges of the world, needs a strong, internationally competitive central bourse (Deutsche Börse AG) at its disposal. In this sense, 'stock exchange federalism' must be further developed."

There is, in short, an unmistakeable *head of political steam behind* the current reform effort. "The government's approach is extremely determined and this speaks for a quick implementation of the proposals," says Mr Strenger of DWS. "The minister is not equivocating, he is saying exactly what should be done."

Additional reporting by Andrew Fisher and Richard Waters

OBSERVER

Adios Granada

■ The house of Warburg is not accustomed to being sacked. As the UK's most successful investment bank, its practice is to vet potential clients before agreeing to act for them.

But for a client to suggest that it might obtain better service from another financial adviser? That is rare indeed. However, Gerry Robinson, the new chief executive of television and leisure group Granada, is clearly not in awe of Warburg's reputation, even though he partly owes his job to them. He has dumped Warburg in favour of Lazard Brothers. Warburg's displeasure is evident in its decision to resign from its separate role as joint broker to Granada.

So why does Granada want a new adviser? The official explanation is that Robinson worked closely with Lazard when he was in charge of Compass, a fast-growing service company. But Granada was never happy about the high-handed way the City insisted on sacrificing the chief executive in return for agreeing to a vital £163m rights issue.

At the time, some Granada employees felt that Warburg had crossed the fuzzy boundary between giving advice and interfering in the company's affairs. But the rights issue was a success. As one Warburg wag said yesterday: "It is the first time anyone has been sacked for saving a company". Perhaps this sort of arrogance helps explain the decision.

Greek to me

■ No surprise that ubiquitous Tony O'Reilly – top bean at Heinz, balked bidder for Fairfax, rugby legend etc etc – should be spreading his ample self yet thinner, this time as chairman of a new "European advisory board" at Bankers Trust.

However also on the list of Bankers' luminous European experts is "a private investor with interests in shipping, real estate and insurance". That is Greek-born Chryss O'Reilly, the Goulandris shipping fortune heiress, who also happened to emerge last year as the second Mrs O'Reilly.

"What kind of question is that?", snapped the bank's mouthpiece when asked why it sought her wisdom on European strategy. The multi-millionairess had been invited onto the board in her own right in advance of tying the knot with the gifted Irishman.

Yet according to one of her acquaintances, a fellow countryman, the expert horsewoman never evinced much interest in business before.

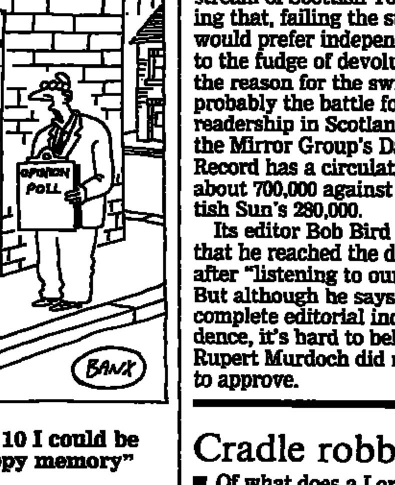
Exit Sir David

■ The chairmanship of the Securities and Investments Board is proving to be a bit like the job of Secretary of State for Trade and Industry. It is hard for the incumbent to prove that he has done a good job; it is therefore difficult to recruit the very best talent and then keep it.

Sir David Walker, who has decided not to seek a second term, was the establishment figure supposed to correct the errors of Sir Kenneth Berrill's first term. He has simplified the structure and sharpened the focus. But he has not been an unqualified success and several of his reforms have got bogged down.

That said, much the most interesting aspect is what Sir David is going to do next. He has just turned 52, he is not ill, and he is not a rich man. He won't be able to survive on the £500 a year that the Bank of England pays its non-executive directors. Pen Kent has filled his old job at the Bank and there are no obvious vacancies for a man of his seniority.

He might be a long-odds candidate for the governorship but the choice is not going to be made till after the election. A highly-paid private sector job perhaps? Lloyds Bank, for example, needs a successor to Sir Jeremy Morse as chairman. Or perhaps he might want to play a bigger role at that other Lloyd's?



"By April 10 I could be just a happy memory"

Cross-eyed

■ Eyeballs bulged north of the Border yesterday. Could they really be looking at the Scottish edition of The Sun fronted by a blue-and-white St Andrew's cross, then seven pages urging independence for Scotland, for which even the page-three girl was ditched?

The paper used to string-along with its London edition in backing the Conservatives and rejecting Labour's scheme for a devolved Scottish parliament, let alone independence. But now it says Scotland should become a separate member of the European Community, raising its own taxes and keeping its oil revenues. "Then we could stop blaming everything on the Sassenachs at Westminster."

Oddly enough, there is a stream of Scottish Tory thinking that, failing the status quo, would prefer independence to the fudge of devolution. But the reason for the switch is probably the battle for popular readership in Scotland where the Mirror Group's Daily Record has a circulation of about 700,000 against the Scottish Sun's 280,000.

Its editor Bob Bird explains that he reached the decision after "listening to our readers". But although he says he has complete editorial independence, it's hard to believe that Rupert Murdoch did not have to approve.

Cradle robbery

■ Of what does a Londoner have 1½ times more than a New Yorker, 2¼ times more than a Parisian, and 11½ times more than a citizen of Tokyo?

The answer is available park space. And Tokyo's per capita average of a mere 2.6 square metres to London's 30 is combining with another Japanese statistic to cause the Tokyo authorities to contemplate re-writing a well known proverb to read: What you lose on the swings, you gain in the bath-chairs.

With Japan's birthrate at a record low and forecast to keep falling into the next century, the share of the population made up of over-65s is expected to rise from its present 10 per cent to 25 by the year 2019. So Tokyo planners are considering pruning their parks of the seesaws and such provided for weenies, and replacing them with diversions for wrinklies.

One of them, according to the construction ministry, is a croquet-like game called gateball. Other possibilities include greenhouses for elderly gardeners to potter in, and cafés serving green tea.

Economic weight-watchers

The G7 meeting may be routine, but the issues it faces are not, says Peter Norman

The choice of venue says it all. In September 1985, the finance ministers and central bank governors of the world's leading industrial democracies met in Manhattan's prestigious Plaza Hotel to launch a new chapter of international economic policy co-ordination. Seventeen months later, in February 1987, they assembled under the chandeliers of the Louvre Palace in Paris to announce a bold currency stabilisation pact.

Tomorrow that co-ordination process continues – but in a Long Island suburb of New York within 20 minutes' drive of JF Kennedy airport.

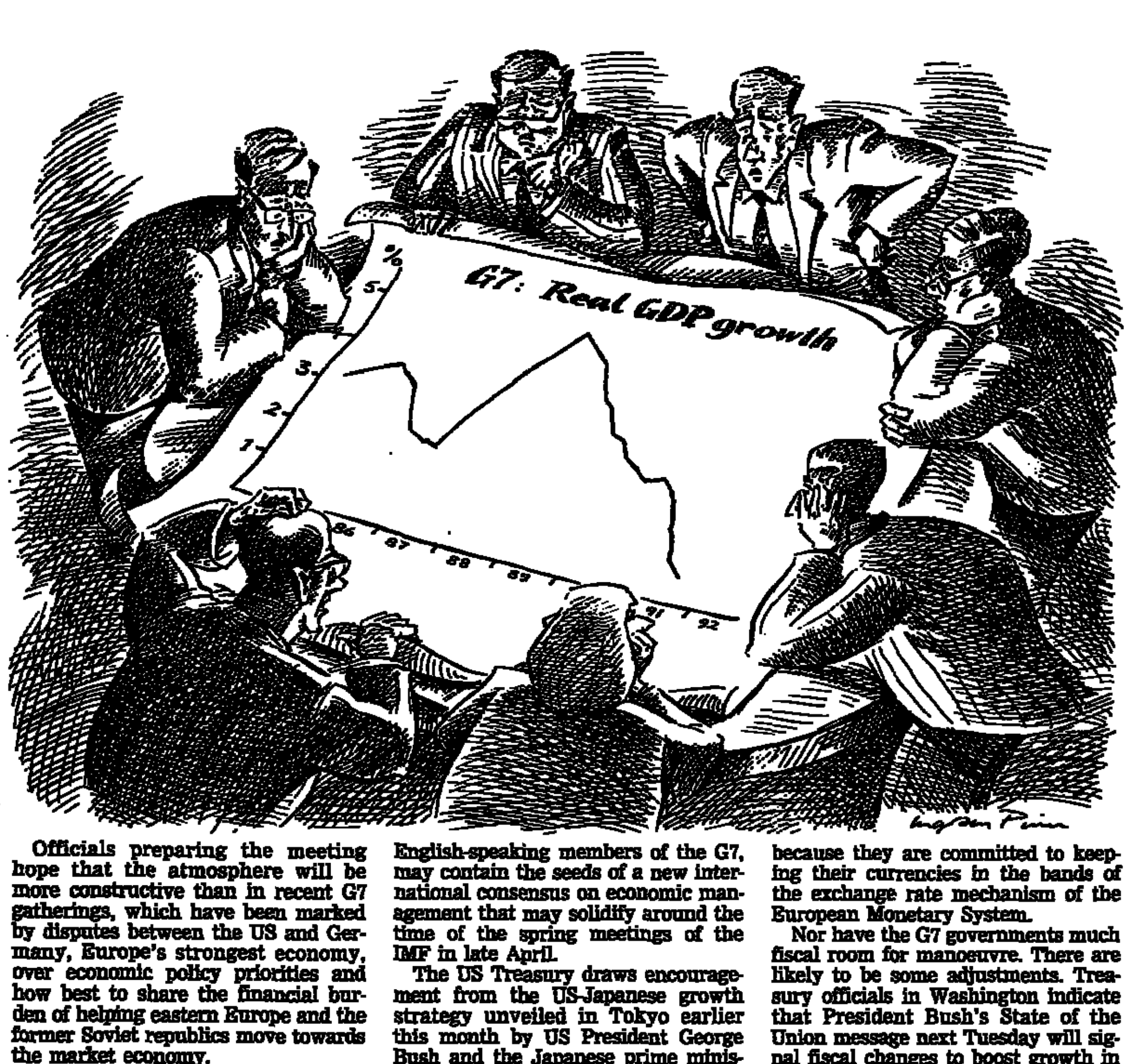
The prolonged recession in the English-speaking countries and slow growth elsewhere have presented the Group of Seven nations with bigger economic problems than in the mid-1980s when their main concern was to push an overmighty dollar lower. The collapse of communism in eastern Europe and the break-up of the Soviet Union have thrown up challenges for the US, Japan, Germany, France, the UK, Italy and Canada that were undreamed of only three years ago.

But tomorrow's meeting is likely to show that international economic policy co-operation has only limited potential to change the world. The G7, which some thought would evolve into a "directorate" for the world economy after the Louvre Accord, now works best as a forum for information exchange, with the ministers and central bankers deciding their economic and monetary policies according to the Sinatra doctrine of "doing it my way".

Officials preparing tomorrow's talks have stressed the routine character of the meeting. For the past four years, the G7 has gathered around this time to discuss the world economy and carry out the "mutual surveillance" of each economy's performance with the help of the International Monetary Fund (IMF). Tomorrow's meeting will see another session of this economic weight-watchers' club. After lunch, the discussion will focus on the economic crisis in the former Soviet Union.

The talks are due to finish after just six hours, so that Mr Nicholas Brady, the US Treasury secretary, can join millions of other Americans in watching the Superbowl on Sunday. The tight schedule will allow some visiting ministers, including Mr Norman Lamont, the UK chancellor, to hurry to the airport and home to deal with domestic political concerns.

On the other hand, it would be wrong to write off this latest instance of high-level hobnobbing as no more than an expensive photo opportunity. While the complexity of international events has apparently taught the G7 humility, adversity may be fostering solidarity.



Officials preparing the meeting hope that the atmosphere will be more constructive than in recent G7 gatherings, which have been marked by disputes between the US and Germany, Europe's strongest economy, over economic policy priorities and how best to share the financial burden of helping eastern Europe and the former Soviet republics move towards the market economy.

The Bundesbank's decision in December to raise its key interest rates to levels last seen in the 1930s, however, makes wholehearted agreement between Washington and Bonn improbable. The US will press its main trading partners to put greater stress on promoting economic growth, while the German government, faced with a rash of double-digit pay claims, will underline its determination to keep bearing down on domestic inflationary pressures.

But US Treasury officials, at least, believe the slowdown in growth in Germany and Japan, and the absence of recovery in the recession-hit English-speaking members of the G7, may contain the seeds of a new international consensus on economic management that may solidify around the time of the spring meetings of the IMF in late April.

The US Treasury draws encouragement from the US-Japanese growth strategy unveiled in Tokyo earlier this month by US President George Bush and the Japanese prime minister, Mr Kiichi Miyazawa. Although the agreement was criticised by many as little more than a rehash of existing domestic policy commitments, it bore some fruit last week in the shape of joint US-Japanese action on the foreign exchange markets to curb the dollar's rise and limit trade friction between the two countries.

However, there seems little chance that the US and its European trade partners will agree similar pacts in the near future. Germany will be unable to start relaxing its tight monetary policy until wage pressures are brought under control. The UK and France must keep interest rates high, because they are committed to keeping their currencies in the bands of the exchange rate mechanism of the European Monetary System.

Nor have the G7 governments much fiscal room for manoeuvre. There are likely to be some adjustments. Treasury officials in Washington indicate that President Bush's State of the Union message next Tuesday will signal fiscal changes to boost growth in the short term in spite of the chronic US budget deficit. With a general election looming, Mr Lamont is under growing pressure to squeeze what fiscal stimulus he can from his March 10 Budget. And the US may press France to relax fiscal policy to offset low growth this year.

But these will be changes at the margin and unlikely in themselves to reverse the steady scaling back of growth forecasts in the big industrial countries.

The budgetary constraints confronting all industrialised democracies are one reason not to expect agreement on large-scale financial assistance for Russia and the other former Soviet republics from the G7 meeting. Although the Russian authorities and their western advisers have made impassioned pleas for multi-billion dollar stabilisation funds to support the rouble and Russia's price reform, the G7 is unlikely to move before the republics have become members of the International Monetary Fund and subject to IMF discipline.

The prevailing view was summed up by Mr David Mulford, US Treasury under secretary for international affairs, in an interview with BBC Television last weekend. He warned that economic reform in the former Soviet Union would be a long process which could not be bought by simply pumping in western financial assistance. It was premature to think, for example, of forming a stabilisation fund for the rouble.

While senior G7 officials privately express grave concern about economic developments in the former Soviet Union, the ministers are unlikely to do much more than push along the process of turning the republics into IMF members. "We hope to get to a point where the G7 ministers can agree on the right parameters for entry," one senior official said. A US Treasury official said the G7's aim was to have Russia in the IMF in the next few months.

Such a limited outcome would disappoint expectations in the former Soviet republics and elsewhere. But G7 officials believe that the republics must do more to make themselves attractive to western investors.

On the other hand, Germany is expected to warn that the economic and political instability in the republics, and growing uncertainty about the security of the former Soviet Union's nuclear arsenal, could be contributing to the weakness of world growth by depressing investor and consumer confidence.

There is little that finance ministers can do about the threat of nuclear proliferation. But they can hope to boost confidence in other ways.

One would be to rekindle hopes that the Uruguay Round of trade liberalisation talks can be brought to a speedy and successful end. More than one G7 delegation has suggested making a strong statement about the trade talks at the conclusion of the Long Island meeting.

However, the finance ministers have done this before, with little sign that their appeals have had any effect on the negotiators in Geneva.

This time could be different, particularly if the finance ministers can enlist their heads of government behind the cause of trade liberalisation. As growth in the G7 countries converges near to zero, freer trade is one of the few engines of recovery left to economic policymakers.

Joe Rogaly

Policy choice à la carte

The Tories are on the verge of political bankruptcy, but they have an ace up their sleeves. "Vote for us," they are saying, "because we are not the Labour party". This proposition lacks nobility. It does not speak of national regeneration, or enhanced prosperity, or a more competitive stance in an ever-tougher world. Yet it worked in 1979, 1983 and 1987, when an overwhelming majority of the electorate rejected Labour.

In those years, the kernel of the matter – that the Labour party could not be trusted – was contained within a respectable shell of policy. Mrs Margaret Thatcher's Conservatives did have something definite to say. She may have won three times simply because most voters are anti-socialist, but once in office she could defend her policies against the small print of her election statements. She could tell herself that she was a conviction politician and that the nation favoured those convictions.

This time it may be different. I am open to correction when the Tory manifesto appears, but on the basis of what is known today the shell of policy is likely to be so thin as to be transparent. A Citizen's Charter and a bit of rail privatisation will be welcome, but even taken with other bits and bobs, such as reform of inheritance tax, the package that is expected is unlikely to be described as conviction-driven or intellectually coherent.

Arousing suspicions about your tax intentions can seriously damage your electoral health

This does not mean that the government's strategy will fail. In modern democracies challengers tend to lose elections if they promise extra spending without extra taxation, or, worse, threaten to raise taxes. As Adlai Stevenson and Michael Dukakis in the US and Hugh Gaitskell in Britain discovered in contests now long forgotten, arousing suspicions about tax can seriously damage your electoral health. This year nobody doubts that Labour is the party of higher personal taxation. The fuzzy area is how far down the income-scale it will reach. The Conservatives can exploit this. They have only to frighten a small number of people in relatively few marginal seats in the south-east to deprive Mr Neil Kinnock of victory and thus terminate his career. That is why Wednesday night's crude election broadcast, with its absurd allegations about Labour's tax proposals, may pay undeserved dividends.

These observations on Conservative strategy should not be regarded as an endorsement for Labour. Nuts to that. Mr Kinnock did produce a structured argument during an FT interview with him on Wednesday, but it begins to unravel under close examination. The advice he has been getting from his staff is, in essence, that the old-style socialism thrice rejected in the past decade was a peculiarly British response to the Conservatives' adoption of the US model of the market economy. On this view, the Labour party was right to turn to European social democracy. So far, so good.

There is some coherence to the accompanying exposition. As whispered in the Labour leader's ear, Labour's policy reviews can be allied to debate about the differences between the "Anglo-American" theory that competitive markets are an efficient method of allocating a given quantity of resources and the supposed "European" view that markets are dynamic forces that stimulate accumulation but that can be destructive as well as constructive.

On the latter supposition, Mr Kinnock is advised, a regulatory framework and state intervention become necessary adjuncts of economic strategy. But this interventionism does not mean direct involvement. (The Labour leader spoke of "enabling".) His advisers also place an emphasis on stability. The thrust of investment, they say, should be in education and training, research, design, and infrastructure. In most areas of economic policy there should be a move away from discretionary instruments and towards institutional rules. This would apply, for example, to competition policy.

A simpler way of putting what is a more complex case than I could properly expound in such a small space is "the German economy has succeeded while Britain and America have run into trouble, so let's copy the Germans". This seems to be the unspoken proposition behind many of Mr Kinnock's pronouncements. Put thus, his argument contains serious flaws.

First, the closer we get to an election the more the Labour party hedges. It is straightforward about what it has dropped – nationalisation, anti-Europeanism, unilateralism – but increasingly defensive about precisely what it would do if elected. Thus Mr Kinnock spoke at length about Labour's supply-side economics (see advice, above) but avoided spending commitments that would make more than a small portion of it a reality. He spoke eloquently about his framework for taxation, but dodged being pinned down on detail.

Second, Labour is trying to pick up what suits it from Germany, leaving the rest alone. Mr Kinnock was at his most wary on constitutional reform, and evasive on proportional representation for the House of Commons. But Germany's constitutional arrangements are a part of its method of managing its affairs. Federation and a propensity to coalition are essential ingredients of the entire polity.

Third, it is not the social democrats who have been the principal architects of German success, but the Christian democrats. They do differ from Thatcherite Tories in wholeheartedly accepting a "social dimension" and a rule-based framework of laws, but they are not models for Labour.

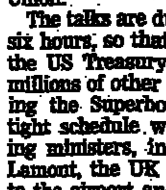
This is where the Tories could come in, if they had the wit to do so. They could offer a positive set of policies to the British electorate, based on a coherent "one-nation" philosophy. The trouble is that they are not yet ready.

Mr Christopher Patten, the chairman of the Conservative party, has recognised that a conversion of Britain's Tories to the basic tenets of Christian democracy would benefit the party. For all I know this view might one day become acceptable to Mr John Major. The trouble is that the prime minister has not been in office for long enough to convert his party to a what would be a dramatically different way of thinking. To achieve that he needs to convince himself that such a change is right. Then he needs to win his own mandate.

PERSONAL VIEW

Next steps for education

By Kenneth Clarke



I welcome the Financial Times' decision to devote four leading articles to education policy this month. They recognised the priority that education commands in British politics. Nevertheless, I was surprised at the writers' readiness to urge a pause in the reform of education in favour of consolidation around a "new consensus emerging across the party divide".

To the extent that there is a new consensus, it has been built on the government's agenda for reform set in 1987 with the Education Reform Act. In just over three years:

- The national curriculum framework has been virtually completed to the timetable first established.
- Tests for all seven-year-olds have been introduced and the main principles of tests at 14 have been settled. The principle of publishing test results is widely supported.
- Schools have been given greater autonomy through local management. Two thirds of secondary schools and one third of primary schools control their budgets; the rest will do so by April 1994 at the latest. Local management of schools has transformed their funding and management.
- Two hundred schools have taken the further step of acquiring Grant Maintained status as a means to wider managerial freedom – and are thriving on it.
- The numbers going on to higher education have been massively increased.

None of this was considered possible in 1987. We started as we always seem to do when embarking on social reform in the UK with the usual trench warfare in support of old and unsatisfactory systems. The government has demonstrated that it is possible to reform education swiftly and effectively if the case for change is established and the objectives and timescales are clear. It has required hard work by teachers and administrators to maintain the pace of change.

My aim now is to take forward the reform programme and maintain the momentum behind efforts to secure better standards. The impetus partly derives from issues thrown up by reform itself. I doubt that there would have been any serious thinking about classroom practice in primary schools without the motor of change produced by the introduction of the national curriculum. The case for a new national system of school inspection lies in the need to underpin the new autonomy of schools with a more rigorous system of quality assurance and accountability to parents. This strategy has to be built on logical steps.

I propose that schools should play a bigger part in training future teachers, who need the experience that can only come from school-based work supervised by serving teachers. There have been experiments with this through the last decade, including the Articled Teachers' Scheme. We must apply the lesson of those experiments.

I will want to think further about primary teacher training in the light of the report I published on Wednesday on primary school curriculum organisation and classroom practice. The same principle of more school-based training should apply to primary teachers as well. The test is whether the newly-qualified teacher has skills that can be made to work in the classroom.

I have tried to take forward a debate about how primary school teachers have responded to the requirements of the national curriculum. The demands of the curriculum have made it clear that the ways in which primary pupils are taught and the ways their classes are organised are not always designed to get the best from children. There must be a new debate among teachers based on hard evidence about what approaches are effective and not on dogma about child-centred education. That is why I have published the report of the three wise men. I shall distribute it to primary schools and I hope it will form the agenda for considering and planning change.

The Schools Bill – intended to implement the policies in the Parent's Charter – extends schools' 10-year-old obligation to publish information about their performance. More data will allow parents to see how schools perform relative to each other.

Regular inspection is an essential supplement to information about performance – increasingly so as schools' autonomy grows. The Schools Bill lays down clear requirements about the frequency of inspection and the publication of reports. Her Majesty's Inspectorate will be responsible for overseeing the system. There will be national consistency; open, fair reporting; and accountability to parents.

There is a good case for pressing forward with these changes. They maintain the fundamental direction of reform. I have always expected argument about their pace, cost and details, but the changes are part of the consensus, not a departure from it.

There is wide agreement that we need radically to improve vocational education and training in post-16 education, and especially to increase staying-on rates.

The first of the new general vocational qualifications will be introduced from September in some further education colleges and schools – and will be more widely available from September 1993. They will be designed mainly for young people in full-time education who want to keep career options open and will be of equal value and equal esteem to A levels.

The government intends to bring in an Advanced Diploma from 1994 which will further strengthen the esteem of vocational routes to higher education and encourage breadth of study post-16.

Legislation is being prepared to remove further education and sixth form colleges from local authority control to complete the process of devolution begun by the Education Reform Act. The government's aim is to give these colleges more flexibility, more freedom from town-hall bureaucracy and to endow them with the ability to respond better to growing demand from industry and students. The new funding arrangements will give the colleges every incentive to increase recruitment and widen choice.

There should be no let-up in the pressure for better standards. The steps I am taking are not short-term measures served up on the altar of an approaching election. Each is justified on its own terms and is part of a strategy to sustain education reform. Improving teaching and learning remains the most urgent priority in education, and an important one for society.

The author is secretary of state for education.

LETTERS

Casting doubt on Home Office 'surprise' over poll tax issue

From Dr Stephen Castell.

Sir, With regard to the "apparent loophole" in the law over the admissibility of computerised records as evidence in civil proceedings in magistrates' courts ("Poll tax dilemma that is a matter of records", January 18), I doubt that the Home Office has been "taken by surprise".

During 1987 and 1988 I carried out reviews of the position in English (and to some extent, Scottish) law of admissibility of computer evidence in both civil and criminal proceedings. These studies were commissioned by the Central Computer and Telecommunications Agency. Copies of the final reports were, I believe, submitted by the CCTA to the Treasury, the Home Office, the Lord Chancellor's department and the Scottish Office.

Incidentally, I am not sure it is true that "the government knows it could easily close the loophole by parliamentary order". Even if it were true, however, it would not alter the inherent problem in the central issue here: the need for computer systems and operational practices properly capable of forensic scrutiny, delivering undoubted evidential reliability.

It is thus not just computerised poll tax records which are affected. The report signposted similar potential difficulties arising in, for example, the authentication of "dematerialised" Taurus share certificates, and the "phantom withdrawal" syndrome of ATM cash-dispensers.

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A hazardous view of women

From Ms Lynn Soper.

Sir, What was the reason for using the triangular road sign denoting a warning, signposted with "Women at work", to accompany the article, "Priestess of the black art" (January 22)? The potential implication that the Financial Times endorses the view that women are a hazard in the work place is of great concern to me.

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Central banks of main industrial countries should assist Russia by stabilising external value of rouble

From Prof Willem Buiter.

Sir, Mr Yegor Gaidar, deputy prime minister of the Russian federation and minister of economics and finance, in his article, "Russia needs three kinds of economic aid – and quickly" (January 22), appealed for western funds to help stabilise or peg the external value of the rouble. Western advisers have proposed a rouble stabilisation fund of between \$5bn and \$6bn. I recommend that the task of stabilising the external value of the rouble be assigned for the foreseeable future to the central banks of the main industrial countries.

Monetary and fiscal control are necessary conditions for stabilising the internal and external value of a currency. Let us assume that Russia succeeds in creating a fiscal framework consistent with the non-inflationary financing of essential public expenditures and a central bank capable of delivering tight money it has yet to achieve either). Those with unbounded confidence in the operation of markets might argue that no stabilisation fund for the rouble would then be required. If the rouble is left to float freely, there is no need for intervention and therefore no need for a stabilisation fund. The rouble will find its market value which (by definition) is also its equilibrium value.

This argument does not stand up. Until the credibility of a framework of monetary restraint and fiscal prudence is established (and this will take time) a freely floating exchange rate makes no sense, especially in a country with no informative history in which to anchor exchange rate expectations.

Intervention to peg the rouble at some target value will therefore be necessary. It does not, however, follow that Russia must possess a fund of convertible currencies. Someone must be willing to intervene, but that someone need not, and in my view initially should not be, the central bank of the Russian Federation.

All necessary intervention can be performed by the central banks of the main western industrial countries acting in concert, perhaps through a single agent. The Bundesbank comes to mind. The Russian central bank should pursue monetary targets consistent with non-inflationary growth. Those managing the western rouble stabilisation fund would buy or sell roubles in exchange for a basket of convertible currencies to stabilise the value of the rouble in terms of the Ecu, the SDR or some other currency basket.

This scheme does not require placing billions of dollars-worth of foreign exchange under the immediate control of a Russian institution with an atrocious record of monetary irresponsibility. In addition, the western rouble stabilisation fund would not suffer from credibility problems and speculative attacks, since it would be backed by the combined resources and records of the western industrial countries.

As Russia achieves monetary and fiscal respectability, its central bank can build up its international reserves and begin to share in the interventions in the rouble market.

Willem Buiter,
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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Clamour of support needed for GATT leader's draft

From Mr B Persaud.

Sir, Martin Wolf ("The Gatt makes its last stand", January 20) is so right to call attention to the scope which now exists for concluding the Uruguay Round successfully on the basis of the very helpful draft final act put together by the Gatt director general, Arthur Dunkel.

The article is very timely and in a very good cause in pointing out the significant gains made in the negotiations in many areas – agriculture, textiles, services, disputes settlement, emergency protection etc – and the great need to prevent any unravelling by industrialised countries seeking to advance national positions even further.

His exaggerated claim that "never have the fundamental principles of the Gatt been more enthusiastically embraced" is excusable under the circumstances.

He should, however, have emphasised even more the significant consequences of failure and the need for greater international support of Mr Dunkel's draft. Also, there is the real danger of a collapse of the whole package by a hardening of the US position in such areas as agriculture, textiles and intellectual property rights and vis-a-vis Japan, if the negotiations are not completed before trade policy becomes an issue in the US presidential election.

The greatest threat to the international trading system arises from the unreasonable and petty attitude of the US and other leading countries to Japanese economic and export success and the reluctance of the Japanese to use the fortunate position of their persistent current account surpluses to provide liberal leadership in the Uruguay Round.

All who believe in market systems should be clamouring for support of Mr Dunkel's draft.

But if and when it is accepted Mr Wolf should note that much would remain outstanding, especially in relation to the need for quick progress in dismantling high levels of protection against exports from developing countries, many of which are now in the forefront of import liberalisation.

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FINANCIAL TIMES
Friday January 24 1992

Miyazawa faces criticism over scandals

Japan's prime minister will have a rough ride in the new Diet, writes Stefan Wagstyl

MR Kiichi Miyazawa, the Japanese prime minister, will run into a barrage of criticism from MPs when the Diet, the Japanese parliament, assembles today for its first session of 1992.

Top of the government's agenda is securing the smooth passage of the budget for the financial year starting in April. The bill includes plans for more public works spending, which Mr Miyazawa promised Mr George Bush during the US president's recent visit to Japan.

But Mr Miyazawa will be under pressure from opposition parties to give priority to debate over a financial scandal involving Mr Fumio Abe, a former minister and close associate of the prime minister, who is under arrest on suspicion of taking bribes.

Opposition MPs may also demand an inquiry into a separate affair concerning payments made to politicians by Sagawa Kyubin, a transport group under investigation for alleged links with gangster-owned companies.

Both the ruling Liberal Democratic party and the opposition will be manoeuvring the election in July for the upper house of the Diet on their minds. The LDP has a majority in the lower house but not in the upper house, where it lost control in 1989 at the height of the Recruit bribery scandal.

Kiichi Miyazawa: under pressure from opposition parties

In extremis, the LDP could call an election of the lower house at the same time, since the ruling party tends to fare better in double elections. But party leaders will be loath to do this because lower house elections swallow large amounts of campaign funds.

Mr Miyazawa is in an awkward position. Because of the LDP's lack of a majority in the upper house, he has to seek a compromise with the opposition parties. But for all his renowned intelligence, he is poor at backroom politicking, and his personal support in the LDP is weak; so, if he does badly, he pay find himself under attack from snipers in his own party. There are already suggestions floating around Nagatacho, Tokyo's political district, that the prime minister should resign.

The Mr Abe matter makes things worse. Mr Abe is suspected of accepting Y80bn ($650m) in political donations from Kyowa, a steelframe maker turned property developer, in return for leaking road planning information during his stint as director-general of the Hokkaido Development Agency in 1989.

Mr Abe was, until a month ago, Mr Miyazawa's faction manager. How close the two men were is a matter of speculation and the opposition parties want urgently to question Mr Miyazawa.

The Sagawa Kyubin affair is a more difficult target for the opposition because details have yet to be made public and because opposition MPs are among those suspected to have received money from the scandal-hit company.

Mr Miyazawa's planned response to questions about political financing is to introduce a fund-raising reform bill which would force politicians to disclose more information about their sources of money. However, opposition parties do not see the plan as a substitute to probing current scandals. Besides, MPs from all parties are not in a hurry to enact a law which might reduce the flow of donations.

Even if the prime minister safely negotiates the quicksands of scandal he could be swamped by the difficulties of the other bills before the Diet. The opposition Social Democratic party (the former Japan Socialist party) wants cuts in proposed defence spending.

Opposition parties also have serious doubts about a controversial bill authorising the despatch of Japanese troops overseas on United Nations peacekeeping missions.

The government will come under further fire over Japan's position in the Uruguay Round of the Gatt trade talks. MPs of all parties are likely to press the government for assurances that it will not lift the ban on rice imports.

Mr Miyazawa's position was strengthened this month when Mr Shin Kanemaru, LDP elder statesman, became party vice-president at Mr Miyazawa's request. But it seems unlikely that Mr Kanemaru will be standing close to Mr Miyazawa when he comes under fire in the Diet.

Japanese money supply, Page 4
Editorial Comment, Page 12

Scottish yard wins Navy contract

By David White in London and James Buxton and Chris Tighe in Glasgow

A CRUCIAL order for three new Royal Navy frigates worth almost £400m ($724m) went yesterday to Yarrow Shipbuilders of Glasgow after a fierce competition.

The order, announced in the Commons by Mr Tom King, UK defence secretary, ensures work for the Clydeside yard well into the mid-1990s and leaves all three other UK naval yards still searching for shipbuilding orders for that period. About half the total value will go to Yarrow, a subsidiary of Britain's General Electric Company (GEC).

Defence officials said it had been "a clear win on cost grounds" against bids from VSEL of Barrow-in-Furness, Swan Hunter of Tyneside, and Southampton-based Vosper Thornycroft.

The government, however, is widely seen as also having had strong political reasons for wanting to place the work in Scotland, especially after the announcement of plans to close the Ravenscraig steel complex in Lanarkshire with the loss of 1,200 jobs.

A Type 23 frigate moored at Yarrow Shipbuilders in Glasgow

Workers at Yarrow reacted with delight and relief to the news that they had won the order for all three frigates. "It's excellent," said one shipbuilding worker. "It means job security for the next three years," said another.

Local Labour politicians and trade unionists had raised the possibility of the yard closing down if the order had gone elsewhere. That idea was dismissed earlier this week by Sir Robert Easton, Yarrow's chairman.

But Sir Robert said yesterday, redundancies would still be needed before work began on the new ships unless further orders were secured. Yarrow, which has been in negotiation with Malaysia over an order for two corvettes, shed 645 jobs late last year, reducing the workforce to 2,750.

The contract follows a recent £200m order for four chemical carriers won by Kvaerner Govan, the Norwegian-owned merchant ship yard on the opposite Yarrow on the Clyde.

It is also the second big defence order for GEC this week. The group leads an international consortium which will provide electronic warfare equipment potentially worth £1.5bn for the European Fighter Aircraft.

Yarrow, which lost the competition for the last batch of warships to Swan Hunter, has now won nine of the 13 orders placed for Type 23 anti-submarine frigates.

Officials said placing orders in batches had proved much less expensive than spreading them between different yards. Work on the new ships is due to begin late this year and continue for about four years.

At least one further batch is planned, but expected to be about two years away. Future Royal Navy orders are not expected to be sufficient to sustain all four yards, which were privatised in 1985-86.

Swan Hunter, which currently employs 3,800 including 1,000 on short-term contract, said it was "naturally disappointed" that its "extremely competitive bid" had failed.

Mr Roger Vaughan, joint chief executive, said: "We believe Swan Hunter is in a strong position to build further Royal Fleet Auxiliary replenishment ships."

P&O fuels row over Channel crossing

By Richard Tomkins, Transport Correspondent, in London

BRITAIN'S two biggest ferry operators yesterday looked set for a bitter battle over the future of the Dover-Calais route, the shortest and busiest cross-Channel link between Britain and France.

The Peninsular & Oriental Steam Navigation Company appeared to be staking a claim to the route by announcing that it was seeking a "rationalisation" of the two ferry companies' operations on the crossing in preparation for the opening of the Channel tunnel in 1993.

But Sealink Stena Line, P&O's troubled rival, said it was rebuilding its strength after a recent cost restructuring. "We are not going to go away," the company said.

P&O signalled its move in a letter to the UK Office of Fair Trading in which it sought to be released from undertakings not to combine operations with other ferry companies on the Dover-Calais route.

Ferry operators believe they will only be able to compete with the Channel tunnel by joining forces and offering a single, high-frequency service between Dover and Calais.

When the ferry companies last made a joint submission in 1989, Mr Nicholas Ridley, trade and industry secretary at the time, invited them to resubmit their application closer to the tunnel's opening.

Instead, P&O has approached the OFT alone, avoiding any mention of joint services in its submission and instead repeatedly stressing the need for "rationalisation" of the short sea routes.

P&O has offered to hold all 1993 passenger fares and all freight tariffs at this year's levels adjusted for inflation if its application succeeds.

Lord Sterling, P&O's chairman, refused to say what form he expected any rationalisation to take. He said the purpose of the application was to give the company the freedom to enter negotiations and discussions.

However, Sealink, which has suffered severe financial problems since being taken over by Stena Line of Sweden, said it was not prepared to enter negotiations until the benefits of its cost restructuring had had time to show through.

Estonian government forced to resign

By John Lloyd in Moscow

THE ESTONIAN government resigned yesterday – the second post-Soviet government to fall after Georgia's was forced out of office earlier this month.

Mr Edgar Savisaar, the former communist whose two-year tenure as prime minister saw Estonia move towards free prices and a market economy, paid the political price when his request for a "state of economic emergency" designed to push through reforms was narrowly passed by deputies, then effectively torpedoed by parliament's refusal this week to set up a commission to implement the state of emergency.

The Estonian news agency ETA reported that Mr Savisaar had proposed that Mr Arnold Ruutel, chairman of the parliament, should head a new government – though it was not clear if he would, like Mr Boris Yeltsin, the Russian president, combine that with the position of head of state.

Estonia, like the other two Baltic states dependent on Russia for energy, has in the past month cut heating to offices and homes and rationed fuel supplies since Russia began charging world prices for its energy, although it is still paid for in goods through a barter system. A new agreement with Russia to supply extra fuel was signed last week.

Plans for monetary reform based on the Estonian crown, originally planned for the middle of this year, have been postponed until April 1993, according to Mr Siim Kallas, president of the Estonian central bank. Mr Kallas said this week that unemployment would rise as Estonian enterprises failed to sell their goods on the world market.

● President Vytautas Landsbergis of Lithuania yesterday called on western governments and institutions to provide a stabilisation fund to back the introduction of a new national currency and support market reforms, writes Anthony Robinson.

Lithuania, he said, was looking for around $1bn. Two years ago Poland received a similar amount, although it has more than 10 times the population.

Mr Landsbergis made clear that independent Lithuania does not consider itself one of the successor states of the former Soviet Union and should not be treated as such by western creditors seeking repayment of Soviet foreign debt. It would, however, repay credits of around $100m which had been used directly in Lithuanian projects, he added.

Mr Landsbergis also called for western investment to give substance to their formal independence.

Scientists lured

Continued from Page 1

world leader.

Mr Kuchma of Iuzhmash says that no single specialist has broad enough knowledge to build lethal weaponry on his own, and that workers employed in sensitive fields are banned from travel abroad for five years after leaving the company. But Mr Iuri Alexeyev, chief engineer, admits he is afraid.

"If a company comes here and makes an offer, what do you think our engineers would do?" he asks.

French waste campaign

Continued from Page 1

sketched out in a report on packaging waste by Mr Antoine Riboud, chairman of the BSN food group, appeared to have been abandoned.

"If the French go the German route it would be disastrous," Incpen said yesterday.

Incpen has already lodged an official complaint with the European Commission arguing that the German recycling system threatened the free flow of trade across borders.

Other industry groups, such as the European Recovery and Recycling Association, which represents consumer products companies and retailers, have also argued that recycling schemes should be commercially driven rather than legislatively imposed.

The French tax is expected to raise FFr350m to FFr500m per year, enabling the government's environment and energy agency to open 160 waste treatment plants over the next decade. France's 6,700 public tips would be closed.

Yesterday's proposals include far-reaching plans for dealing with toxic waste. These would require French companies to reach an agreement with the environment agency within the next two months, under which they would treat their own toxic waste or have it dealt with by specialists.

Failing agreement, toxic refuse would also be taxed. Saint-Gobain, the glass and packaging group, has prepared separate plans for an agency to co-operate with local authorities to collect packaging for recycling or treatment. The agency would be financed by the three centimes per package levy.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Berlin	S	-4	25	Caracas	C	27	81	Faro	S	11	52	Islamabad	C	13	55
Algiers	F	18	64	Biarritz	Sn	0	32	Casablanca	F	12	54	Florence	S	11	52	Istanbul	S	6	43
Amsterdam	S	-2	28	Bombay	S	28	82	Chicago	C	2	36	Frankfurt	S	0	32	Jakarta	R	30	86
Athens	F	13	55	Bordeaux	F	2	36	Cologne	S	0	32	Geneva	F	-3	27	Jersey	F	2	36
Bahrain	S	16	61	Boulogne	S	1	34	Copenhagen	S	1	34	Gibraltar	S	13	55	Johannesburg		-	-
Bangkok	F	31	88	Brussels	S	-3	27	Corfu	S	15	59	Glasgow	F	3	37	Lima	F	28	82
Barcelona	F	6	43	Budapest	F	1	34	Dallas	S	4	39	Helsinki	C	-1	30	Lisbon	S	6	43
Beirut	S	13	55	Buenos Aires	F	31	88	Dublin	S	7	45	Hong Kong	S	18	64	London	F	3	37
Belfast	C	5	41	Cairo	F	17	63	Dubrovnik		-	-	Innsbruck	F	0	32	Los Angeles	S	9	48
Belgrade	S	-1	30	Cape Town		-	-	Edinburgh	S	0	32	Inverness	F	6	43	Luxembourg	C	-4	25

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	18	64	Milan	Sn	1	34	Nicosia	S	15	59	Salzburg	S	1	34	Tenerife	C	17	63
Madrid	S	3	37	Montreal	C	-3	27	Oporto	S	6	43	San Francisco	C	3	37	Tokyo	R	7	45
Majorca	R	8	46	Moscow	C	-2	28	Oslo	C	-7	19	Seoul	S	1	34	Toronto	Sl	2	36
Malaga	S	12	54	Munich	S	-5	23	Paris	S	-2	28	Singapore	F	28	82	Tunis	F	17	63
Malta	R	14	57	Nairobi	S	27	81	Peking	S	5	41	Stockholm	S	-2	28	Valencia	F	8	46
Manchester	F	-1	30	Naples	R	9	48	Prague	C	-1	30	Strasbourg	S	-2	28	Venice	F	5	41
Manila	F	30	86	Nassau	C	22	72	Reykjavik	R	7	45	Sydney	F	30	86	Vienna	F	-1	30
Melbourne	C	17	63	New Delhi	S	20	68	Rhodes	S	16	61	Taipei	F	19	66	Warsaw	C	-7	19
Mexico City	F	22	72	New York	C	3	37	Rio de Janeiro	C	36	97	Tangier	F	13	55	Washington	C	-3	27
Miami	F	23	73	Nice	F	10	50	Rome	F	14	57	Tel Aviv	S	13	55	Zurich	C	-5	23

Temperatures at midday yesterday C - Cloudy Dr - Drizzle F - Fair Fg - Fog H - Hail R - Rain S - Sunny Sl - Sleet Sn - Snow T - Thunder

THE LEX COLUMN

Tiny's hand is frozen

Lonrho's full year figures are so startlingly bad as to raise the question of whether some kind of *dénouement* is finally at hand. In his recent choice of chairman, Mr Rowland demonstrated that he could not provide a successor. It now appears that he cannot provide adequate profits and dividends either. The cut in the final payment may have been half expected, but not the 40 per cent slump in second half profits and the passing of this year's first interim. At last night's unofficial close of 120p, Lonrho has a market value of under £800m and is heading out of the FT-SE. If the institutions want change, they had better get on with it.

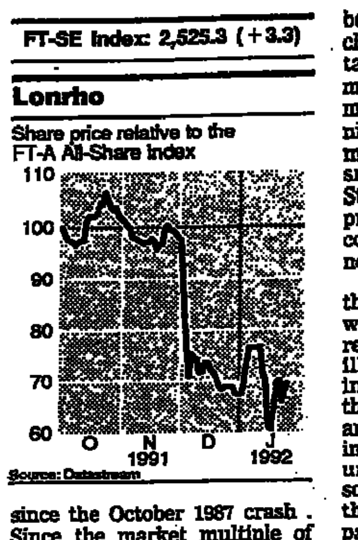
As always with Lonrho, the snag lies in assessing what Mr Rowland would leave behind him. Its assets – the mines, the hotels, the newspapers and so forth – seem solid enough. But so does the net debt of £1.1bn. Granted, the figure is unchanged since the interim statement, while net interest is apparently twice covered. But this makes the action on dividends the more puzzling, particularly since there has been no obvious pressure from the banks. A held annual total would have been only 90 per cent covered; but Lonrho paid an 83 per cent covered dividend in 1982.

Without knowing what Lonrho is so worried about, valuation of the shares is impossible. The market's working assumption is of 10p in total dividends this year against 16p last, making for an 11 per cent yield at 120p. But until the annual report is published, there is no telling what fresh horrors are to come. Lonrho shareholders cannot say they were not warned. The trouble is that they were not warned by Lonrho.

FT-SE Index: 2,525.3 (+3.3)

Lonrho

Share price relative to the FT-A All-Share index



Source: Datastream

Hong Kong

There is something unnerving about a market which rises as fast as Hong Kong has this year. A gain of nearly 8 per cent by yesterday suggests it is time for a correction, especially since the inspiration for the final spurt was classic froth: a false report that the Chinese government was dropping criminal charges against former leader Zhao Ziyang.

Yet on a slightly longer perspective the heights reached by the Hang Seng are not so giddy. Relative to Wall Street, it has only just made up its loss following the Tiananmen Square massacre of 1989. It has still underperformed the S&P Composite by over 15 per cent since the October 1987 crash. Since the market multiple of around 12 is not particularly expensive and the territory is bound to benefit from the recent trade accord between the US and China, there are solid grounds for presuming further upward movement.

Progress is unlikely to be linear, however, and the pace is being forced at present because Hong Kong's link with the US dollar is holding money market rates well below the 11 per cent inflation rate. This advantage should unwind once US rates start rising again. The local prime rate has lagged the money market as interest rates have fallen. Official worries about inflation mean it is unlikely to do so as they come back up. By then a rising currency could make local products less competitive just as export markets in Germany and Japan are turning down. The resulting squeeze would leave equities facing much less settled times.

Small Companies

For the first time in its 35-year history, the Hoare Govett small companies index has underperformed the main market in three consecutive years. Moreover, this recession appears to have shaken the constituents like no other. Since 1955, the bottom 10 per cent of the sector by size has made a compound annual return of 35 per cent. Last year, because so many of the group's constituents became valueless, it made no return at all. Many specialist fund managers outperformed the broad index simply because they held stocks in the middle range where it was easier to buy and sell.

History suggests that small companies should begin to outperform at this stage of the economic cycle, with survivors bouncing back. The picture is clouded this time by the uncertainty over dealing arrangements. According to Hoare, the marketability of small companies declined last year as fewer market makers fought over smaller deals. Although the Stock Exchange is working on proposals for trading small company shares, the omens are not good.

There has always been something of a 'small firm effect', whereby investors require a reward for the risks posed by illiquidity. That may now increase accordingly. But for the professional investor, the answer always lay in diversifying the portfolio and waiting until the liquidity problem solved itself through growth in the individual stocks. Given patience, small companies should logically be a better bargain than ever.

EC insurance

Two quite different events yesterday suggest that concentration in European insurance is speeding up. The first was a meeting in Stockholm between four leading Scandinavian insurers, which could lead to a new alliance grouped round Sweden's Skandia. The other was a proposal by Italy's La Fondiaria to reorganise three of its quoted subsidiaries into bigger units.

The latter can be seen as a purely domestic affair, inspired by the need to tidy up La Fondiaria's sprawling corporate structure. But the move, which involves putting three previously separate motor insurance activities under one roof, has also been prompted by expectations that motor tariffs will be freed from government restrictions at the end of this year. Speculation to this effect has led to a 12 per cent jump in Italian insurance company shares since Christmas.

While this may seem a national matter, it is worth remembering that the Italians are only acting on motor tariffs because of an EC instruction. Brussels legislation often seems divorced from commercial reality, but in the insurance field it has already had a powerful political and psychological impact. The same will no doubt be true of the key Third Non-Life Directive, which provides for home country control and which almost unnoticed was given the political go-ahead by the 12 last month. The single market apart, the main factor driving mergers is the urgent need to address the poor profitability of companies' core activities.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday January 24 1992

INSIDE

UIP and BSkyB call off litigation

United International Pictures, the distributor for British Sky Broadcasting, the satellite television company, have announcecthat the two companies had settled their legal and legislative differences over distribution and licensing of pay TV rights. BSkyB had deided to try to overturn an $800m movie right deal signed in 1988 and UIP retaliated sayingit was beginning legal action to try to breal up BSkyB, which it claimed was an anti-competitive cartel. Yesterday all the litigation was called off apparently without any moneychanging hands. Page 22

Searching for signs of life

Analysts are looking for signs of life in the battered US retail sector, but they face a discomforting picture. Macy's (above), the famous New York-based department store group, Zale Corporation, the nation's largest jewellery retailer, Seaman's, a prominent East Coast furniture chain, and Woolworth, one of the country's biggest general merchandise retailers with more than 9,000 outlets bring little light to the gloom. Page 17

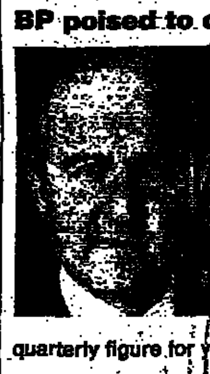
Tough Saudis cut oil output

Saudi Arabia's cut in oil output this week as a prop for crude prices is as much a signal of its intention to remain dominant within the Organisation of Petroleum Exporting Countries as it is a concession to its Opec fellows. It also reflects the fact that Saudi Arabia has emerged from the costly Gulf war in a straitened economic condition — and politically tougher. Page 24

Big time in insurance

When Mr Donald Gordon visits London next week after a break in South Africa, he will do so firm in the knowledge that 1991 was the year he emerged into the big time in international insurance. Page 17

BP poised to cut staff



British Petroleum is poised to make large job cuts in its group headquarters staff as part of a cost-cutting drive initiated by Mr Bob Horton (left), chairman. The expected staff cuts come as the company is preparing to announce on February 13 the results for the fourth quarter ended December, which are likely to be the worst quarterly figure for years. Page 21

Bass warns of rationalisation

Rationalisation measures at Bass, the UK's leading brewer, will involve further exceptional charges against profits, shareholders at the company's annual meeting were told. Page 21

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Horten	197	+	7
Falls			
AG Ind & Verk	682	–	15
Aachen Mch	800	–	25
D'sche Babcock	168	–	7
Lahmeyer	795	–	10
Volkswagen Prf	282	–	7

NEW YORK ($)

Rises			
USAir	15⅞	+	½
Unisys	6⅞	+	1⅛
Falls			
AMR	72⅞	–	1¼
AT&T	39½	–	⅞
Delta Airlines	72¾	–	1½
Monsanto	65¼	–	¾

PARIS (FFr)

Rises			
BIC	830	+	26
Eurocom	815	+	14
Immob Phenix	149	+	8
Falls			
Axa	881	–	19
Fonc Lyonnaise	600	–	20
Geophysique	530	–	16

TOKYO (Yen)

Rises			
Amada Washo	596	+	52
Press Kogyo	559	+	54
Shinyei	500	+	50
Tanabe Seiyaku	1090	+	105
Yahagi Iron	339	+	39
Falls			
Fukusuke	1020	–	80

New York prices at 12.30.

LONDON (Pence)

Rises			
Albrighton	16	+	4
Brit Aerospace	298	+	14
Chemring	800	+	30
Denmans Elec	156	+	6
Hartstone	266	+	9
Lonrho	163	+	9
Midland&Scot	40	+	6
Park Food	483	+	54
Quadrant	55	+	8
Queens Moat	77½	+	3½
Ransom (Wm)	43	+	8
Sage Group	377	+	23
UK Land	32	+	4
Usborne	18	+	2
Falls			
Anglesey Mng	20	–	4
Burton	35½	–	2
Computer P'ple	90	–	15
Fisons	336	–	16
RHM	216	–	14
Royal Insnce	246	–	15
Sheriff Hldgs	53	–	4½
Union Discount	144	–	6

Norsk Hydro takes NKr2.4bn charge

By Karen Fossli in Oslo

NORSK HYDRO, Norway's biggest company, is to take a NKr2.4bn ($387m) special charge against its 1991 fourth-quarter accounts. The announcement wiped 8 per cent off the company's stock market capitalisation yesterday.

The charge will cover the costs of restructuring and asset write-downs asociated with the agriculture and magnesium divisions.

Norsk Hydro's shares plunged NKr12.50, nearly 8 per cent, to NKr144.50 on the news.

The company explained that NKr1bn of the charge relates to agriculture division and NKr1.4bn to the magnesium division. Of the total, some NKr800m will cover costs for the restructuring while around NKr1.6bn represents write-downs, Hydro said.

For the first nine months of 1991, group net income was NKr1.04bn, down from NKr1.89bn a year earlier. Agriculture had an operating profit of NKr433m on sales of NKr20.03bn while light metals – which includes the magnesium division – achieved an operating income of NKr460m on sales of NKr13.10bn.

One Oslo-based analyst forecast yesterday that the final-quarter charges would push Hydro into a net loss of between NKr800m and NKr1bn for 1991. The results are due to be published on February 20. Hydro made a net profit of NKr2.9bn in 1990.

Norsk Hydro said that a major part of the charge against the magnesium division earnings represented a write-down of the book value of the plant in Becancour, Canada.

Last October Hydro charged NKr500m in its third quarter accounts to cover costs associated with the restructuring of the agriculture and magnesium divisions, which it said was meant to lead to annual cost reductions of about NKr260m. Hydro said that a strong deterioration of the magnesium market, combined with increased exports from eastern Europe created a need for adjustments in marketing and production activities.

To this end, Hydro said that plans for restructuring will be completed during the first half of 1991 but would depend to a large extent on the outcome of the US trade policy cases.

Hydro explained that there is over-capacity in the European fertiliser industry but that demand is expected to grow outside Europe.

To contend with these market conditions the company intends to reduce European capacity. These adjustments should be completed during this year and next and are expected to reduce annual costs by NKr600m.

Alice Rawsthorn and **Haig Simonian** on the Agnelli fight with Nestlé

Behind the scenes at Perrier's drama

For the past few days Europe's industrialists have watched in astonishment as Nestlé, the secretive Swiss food group aided and abetted by BSN of France, one of its closest competitors, has fired the first salvos in what could be a bitter battle against the Agnelli family of Italy for control of Perrier, the famous French mineral water.

Why have these pillars of European industry come to blows over Perrier, for which Nestlé this week mounted a FFr13.42bn ($2.48bn) hostile takeover bid with Indosuez, the prominent Paris bank?

And how have some of Europe's best known banks – not only Indosuez, but also Lazard Frères and Crédit Agricole in Paris and Mediobanca in Milan – become embroiled in the battle?

It began in November when Ifint, an Agnelli vehicle, announced a partial bid for Exor, the wine-to-property group that controls 35 per cent of Perrier.

After protests from Exor's minority shareholders – notably from Indosuez and Crédit Agricole angry at being excluded from the bid – the Agnellis agreed to mount a full FFr5.6bn offer. The temperature rose when earlier this month Saint Louis, another company associated with the Agnellis, bought 13.8 per cent of Perrier's shares. This triggered an investigation by the French stock market authorities which are also considering whether Ifint should be forced to make a full bid for Perrier.

In the meantime the Exor bid has been put on ice.

The bourse and Exor's minority investors were not the only aggrieved parties. BSN, which has since 1987 been a close ally of the Agnellis (who indirectly own 5.8 per cent of its stock), is said to have been furious that the Italians could consider a major move into mineral water – where it is a big player with the Evian and Badoit brands – without its *knowledge*.

This presented a potential problem for Lazard Frères.

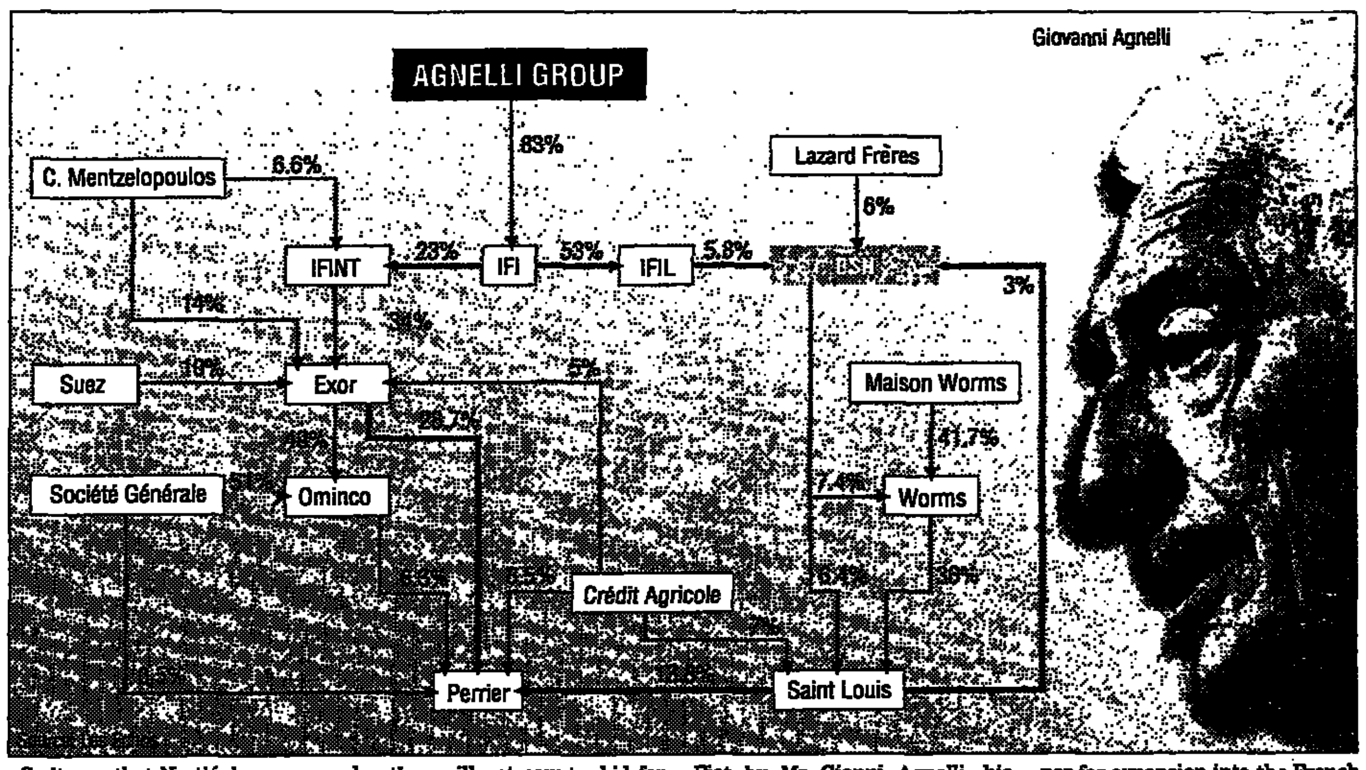
It owns 6 per cent of BSN and Mr Michel David-Weill, its senior partner, is vice-president of the company. Lazard also has a decades-old relationship with the Agnellis and with Mediobanca, their main Italian adviser.

Mr David-Weill has for years worked closely with Mr Enrico Cuccia, Mediobanca's veteran honorary chairman.

Italian and French analysts suspect that Lazard was also concerned about the Agnellis' growing links with Worms et Cie, the family's partner in Saint Louis.

The situation was further inflamed when Mr Umberto Agnelli, who has been spearheading the family's French interests, told the Italian press that the Agnellis wanted to raise their stake in BSN.

Mr Antoine Riboud, president of BSN, retaliated with an interview in a French newspaper in which he threatened to exercise his right of veto over any attempt by the Agnellis to buy more shares.



So it was that Nestlé, long anxious to expand its interests in the lucrative mineral water market, found no shortage of allies when putting together its bid for Perrier. Indosuez, the Agnelli's opponent over the original Exor bid, was roped in as Nestlé's joint investor, thereby giving the bid the stamp of the French financial establishment.

Crédit Agricole, which owns 8.5 per cent of Perrier, swiftly declared its support.

As an Exor shareholder, Crédit Agricole, like Indosuez, doubtless realised that a Perrier bid might help it to squeeze more money out of Ifint because of the implicit rise in the value of Exor's holding in Perrier.

The Agnellis bid for Exor at a time when the Perrier share price was around FFr1,200 against the FFr1,475 offered by Nestlé.

Last but not least BSN, an old ally of the Agnellis and a direct competitor of Nestlé in many markets, agreed to a "sweetheart deal" with the Swiss group whereby it would buy Volvic, one of the Perrier waters, if the bid succeeds.

Most analysts consider this a masterstroke for Nestlé.

"If BSN, the number two player in mineral water, buys Volvic, its market share would be nearly as high as Nestlé's after the bid," said Mr John Graham, European food analyst at UBS Phillips & Drew in London.

"This means Nestlé ought to avoid monopoly problems."

Nestlé also obtained court orders to freeze temporarily the voting rights of both the Agnelli allies, Exor and Saint Louis, in Perrier.

On the same day Mr Jacques Vincent, chairman of Exor and Perrier, vowed to fight against the Nestlé bid.

What will happen next?

The Agnellis said on Wednesday they will not counter-bid for Perrier, nor raise their offer for Exor.

But there is still a possibility of the French stock market authorities forcing them to do so.

The authorities are still deciding whether to sanction Saint Louis' share purchase in Perrier.

There is also the threat that Nestlé may mount a counter-bid for Exor. In the meantime the protagonists must also be assessing the longer-term implications of the fracas.

The relationship between Lazard and Mediobanca does seem to have been strained.

"Lazard faces a conflict of loyalties," said one Italian analyst.

"Their old links with Mediobanca, based on years of old-fashioned banking diplomacy, may now be buckling under the weight of modern commercial considerations like their investment in BSN."

Meanwhile the Agnellis are counting the cost to their reputation.

Until Exor they had shown great skill in making opportunistic deals in France, partly by using their social contacts with prominent figures such as the Mentzelopoulos family with whom they negotiated the Exor deal.

But the Agnellis do seem to have miscalculated BSN's reaction both to the Exor deal and to the prospect of their increasing their holding in BSN itself.

They also may have underestimated the French banks' hostility to their trying to buy control of Perrier on the cheap.

Mr Umberto Agnelli is particularly exposed. He headed the family's drive into France after a short, unsuccessful stint as managing director of Fiat in the late 1970s.

Last year he was named as heir apparent to the chairmanship of Fiat by Mr Gianni Agnelli, his older brother and the present patriarch.

This week's events may have been outside Mr Umberto Agnelli's control, but they have dealt a blow to his family's aura of infallibility, at least in Italy.

Some sections of the Italian press still loyally suspect that, behind the scenes, the Agnellis are beavering away on a machiavellian masterplan.

The family does, of course, stand to make a huge capital gain should the Nestlé bid go through.

Saint Louis alone may pocket a profit of FFr600m on its Perrier stake.

More important to the Agnellis is the impact on their relationship with BSN, their chosen partner for expansion into the French food industry.

The partnership has been beneficial to both sides especially in Italy where the Agnellis have helped to open doors and identify opportunities for BSN.

One of their most successful ventures has been Galbani, the cheese group which they own jointly but which is managed by BSN.

In spite of the public sniping both BSN and the Agnellis must be anxious to avoid damaging their long-term relationship.

"Somehow they have got to find an amicable solution," said Mr Louis Morvan, food analyst for James Capel in Paris.

"After all, it is in everyone's interest for all this to end in a gentlemen's agreement."

AT&T fall of 21% due to one-off charge

By Martin Dickson in New York

AMERICAN Telephone and Telegraph, the largest US long-distance telephone carrier, yesterday reported a 21 per cent fall in its fourth-quarter net profits to $635m, or 48 cents a share, compared with $809m, or 64 cents a share in the fourth quarter the year before.

However, that drop included a one-time action, knocking 14 cents a share off earnings, to reduce the book value of AT&T's investment in the Italian holding group Compagnie Industriali Riunite.

Without that, earnings per share would have been 62 cents. Revenues were $11.94bn, against $11.88bn.

All the figures include NCR, the large US computer manufacturer which AT&T acquired last September to give critical mass to its own, ailing computer operations.

AT&T's sales of products and systems dropped 7 per cent to $4.4bn. There was a particularly large drop – 19.4 per cent to $1.08bn – on the computer side, which the company said reflected general industry weakness.

However, NCR reported record orders for the quarter, showing customers were enthusiastic about new models it had introduced during the year.

Sales of consumer products rose, but communications networks dipped 7.2 per cent to $1.95bn as recession held back the sale of switching, transmission and cable products.

Revenues for AT&T's phone service business rose 6 per cent in the quarter to $5.3bn, on calling volume up nearly 6.5 per cent.

The company, which has lost domestic long-distance market share to rivals such as MCI in recent years, claims to have stabilised its slice of this business. It forecast that domestic and international call volume would grow more strongly when the economy recovered.

The group's financial services business, which revolves around the introduction of its own credit card, also saw an increase in revenue, from $309m a year ago to $420m.

For the full year, AT&T's net income was $522m, or 40 cents a share, after taking $4.2bn of restructuring and other charges. Excluding the charges, it earned $3.24bn, compared with $3.1bn in 1990.

Mr Robert Allen, chairman, said the company had set its sights on an annual average growth rate of at least 10 per cent for earnings.

Lonrho cuts its final dividend

By Roland Rudd and Robert Peston in London

LONRHO, the international trading group, yesterday announced the first cut in its final dividend for a decade as pre-tax profits for the year to the end of September 1991 fell by 34 per cent to £207m ($375m).

The final dividend has been cut by 3p – the biggest cut ever – to 5p. The group also took the unusual step of withholding this year's first interim dividend of 3p.

Mr Tiny Rowland, chief executive, said: "We want to see how earnings are going before returning to our traditional policy of maximum distribution."

There has been speculation that Lonrho, which has borrowings of just under £1.1bn, has been under pressure to cut its dividend from its banks, led by the UK banks Standard Chartered, Barclays and National Westminster and two Swiss banks, Crédit Suisse and Swiss Bank Corporation. But bankers denied this yesterday. One of the biggest lenders to the group said: "We put no pressure on him. We have now got to put on our thinking caps to work out why he cut the dividend."

Lonrho held a meeting last week with executives of Standard Chartered, which has substantial operations in Asia and Africa. But the dividend was not on the agenda of the meeting and was only raised in passing.

Although the market had closed by the time the results were released at 4.30 pm, the shares were marked down in after-hours dealing by about 40p. Earlier in the day the shares had risen by 9p to close at 163p when the group confirmed the sale of its 50 per cent interest in Kühne and Nagel, the German freight forwarder, for DM340m ($213m).

The fall in pre-tax profits from £273m to £207m was far lower than any commentator expected.

In a statement released with the results Lonrho said: "The board and management regret having to present a disappointing year's results."

Mr Mike Smith, analyst at Robert Fleming Securities, commented: "I have never seen the company regret anything in all the years I have followed Lonrho. It is encouraging to see that they have decided to be more open."

Lonrho had better news to announce from its balance sheet. Although net debt had increased from £936m to £1.1bn, this was better than most commentators feared.

It represented 73 per cent of shareholders funds of £1.5bn, including minority interests. Gearing will fall by another 10 per cent after the Kühne and Nagel disposal is taken into account. Mr Philip Tarsh, Lonrho director, said "We were badly hit by the recession."

Lex, Page 14
Details, Page 22

Friend's Provident takes stake in Milanese broker

By Haig Simonian in Milan

FRIEND'S PROVIDENT, the leading UK life assurer, is taking 20 per cent of a new Milanese stockbroking group in a marked expansion of its Italian interests.

The investment marks the first time a UK insurer has been involved in the establishment of a Societa di Intermediazione Mobiliare (Sim), Italy's new type of broking and fund management hybrid.

So far, UK investment in Sims has been limited to Midland Bank. It owns the majority of Euromobiliare, the Milanese merchant bank which last year set up a Sim of its own.

Friend's Provident has already formed close links with SAI, the Italian insurance group which is taking just under 20 per cent of the new broker. A further 20 per cent will go to Cosmo Commissionaria, the financial intermediary of the Ligresti group. Mr Salvatore Ligresti, the controversial property developer, is the controlling shareholder in SAI.

The new broker will be operated by the owners and management of Studio Gamba Azzoni, an established Milan broking house.

In common with several existing brokers, Studio Gamba Azzoni has taken advantage of the Sims law, which will eventually remove stockbrokers' monopoly on share transactions on the bourse, to bring in outside capital.

Just over 40 per cent of the shares in the new broker, to be called Gamba Azzoni Sim, will be held by Studio Gamba Azzoni's management. Mr Gian Paolo Gamba and Mr Paolo Azzoni have been appointed managing directors, while Friend's Provident will have two directors on the board.

The new company intends to develop fund management activities alongside its broking role. Having already bought control of two small fund management operations, it said it was also due to buy into a unit trust operation.

● Steps to reform Italy's capital markets received a setback yesterday when the lower house of parliament postponed a debate on a new law regarding takeover bids.

The long-awaited legislation, which would guarantee minority shareholders received fair treatment when controlling stakes changed hands, represents one of the few remaining planks in the country's "Big Bang" financial deregulation. Despite widespread political support, opponents argued more discussion was required.

Skandia grouping talks falter

By Robert Taylor in Stockholm

TALKS ON the creation of a pan-Nordic insurance grouping failed to produce a breakthrough yesterday after an inconclusive meeting in Stockholm between Skandia, the region's largest insurance company, the Norwegian group Uni Storebrand, Denmark's Hafnia, and Pohjola, the Finnish insurance company.

Billed as a showdown, yesterday's discussion was the latest stage in what has turned out to be a protracted and tangled affair. In a joint statement, the companies said they had briefed each other on how the talks were progressing and agreed they would not comment further.

The uncertainties surrounding Skandia's future started as long ago as October 1990, when Skandinaviska Enskilda Banken, Sweden's largest commercial bank, acquired a 28.2 per cent share option in the Swedish insurer from the Wallenberg investment companies, Investor and Providentia, with the aim of creating a large banking and insurance giant.

In the face of stiff resistance from Skandia's management, SEB accepted defeat last November and sold most of its option to two Nordic insurance companies, Uni Storebrand and Hafnia. They were believed – in alliance with Pohjola, which already had a stake in Skandia, and an unidentified European insurer – to want to build a pan-Nordic insurance conglomerate centred on Skandia.

However, November's deal between SEB and the insurance companies failed to settle the matter. Mr Bjorn Wolrath, Skandia's chief executive, expressed doubts as to whether a pan-Nordic insurance conglomerate could emerge from this.

The power play among the Nordic insurance companies was complicated further by the fact that Skandia already owns a Norwegian subsidiary, Vesta, which poses a severe competitive threat to Uni Storebrand on its home territory.

KOP board fined over bourse breaches

THE BOARD of Kansallis-Osake-Pankki (KOP), one of Finland's leading commercial banks, was fined yesterday in the Helsinki city court for financial misconduct in breach of bourse regulations, writes Robert Taylor.

Each director, plus the former president of KOP, Mr Jaakko Lassila – who resigned just before Christmas – were fined between FM2,800 ($695) and FM7,000 each.

The court found them guilty of failing to notify the Helsinki bourse last spring of losses stemming from a series of exchange transactions they had made. It was not until the middle of May, two months after KOP directors knew of the loss, that the bourse was informed.

Under bourse regulations, all listed companies are required to immediately provide information that might influence their share price.

Finland's bank inspection board was so concerned at the behaviour of the directors that it called in the police.

Groupe Bull decision on US partner is postponed

By Alan Cane in London and William Dawkins in Paris

DEEP differences within the French government have forced Groupe Bull to delay the announcement of its choice of a US equity and technology partner until next week.

The loss-making, government-owned computer manufacturer had been expected to announce this week its choice between International Business Machines (IBM)and Hewlett Packard as a source of an important computing technology called "Risc", which is expected to form a critical part of its product strategy for the remainder of the decade.

The winning partner is expected to take an equity stake, thought to be between 5 and 10 per cent, as a token of its commitment to the relationship.

IBM looks increasingly the likely winner. Last week, it was clear that Mr François Mitterrand, the French president, and the French Finance Ministry were in favour of IBM, while Mrs Edith Cresson, the prime minister, and Mr Dominique Strauss-Kahn, favoured Hewlett Packard.

Mrs Cresson and Mr Strauss-Kahn are now thought to be reconsidering, although the decision could still go either way.

A plan to link Bull with the profitable French Telecom is thought to have only Mrs Cresson's support. Brussels believes the company will sign a deal with IBM and use the agreement as justification for a FFr6bn ($1.1bn) subsidy from the French government. The EC is already examining the proposed subsidy under its competition laws.

Mr Gerard Roucairol, Bull vice-president for corporate research, said yesterday the company was satisfied with the quality of the technology on offer from either of the US companies.

Despite huge losses last year, Bull's transformation plan is beginning to work. It has managed to make FFr1bn of savings a year already, and has cut 9,000 staff, a quarter of the workforce.

Swiss banks do their own thing

Ian Rodger looks at different approaches to insurance marketing

SWITZERLAND'S big three banks, known for following virtually identical marketing strategies, have shown a refreshing streak of independence in their recent advance into the insurance business in the plush Swiss market.

All three are taking advantage of the deregulation of the Swiss financial industry two years ago, which has enabled insurance companies and banks to tread on each other's turf. They are also following the popular "Allfinanz" or "bancassurance" trends to seek synergies in insurance and banking activities established elsewhere in Europe.

Yesterday, it was the turn of Swiss Bank Corp (SBC) to unveil its approach to Allfinanz, which is to form a joint venture with Zurich Insurance. Each company will sell products and services of the other through their existing branches and offices.

By contrast, Union Bank of Switzerland (UBS) and CS Holding, the parent company of Crédit Suisse, have decided to go it alone. CS, generally acknowledged to be the most adventurous of the big three, began operating its life insurance subsidiary, CS Life, in October, 1990 and UBS followed last month setting up SBG Leben (UBS Life).

Walter Frehner: happy to see diversity of approaches

The marketing strategies of the three differ considerably. The SBC-Zurich venture, which still does not have a name, will target high-earning individuals seeking to supplement their state pensions. SBC branches will offer them various insurance policies and pension plans from Zurich's Vita life insurance subsidiary, while Vita salesmen will push SBC investment trusts.

SBG Leben is going after small company pension funds, following implementation of a Swiss law which forces companies with fewer than 100 employees to put its pension fund under the management of a life insurance company.

CS Life, on the other hand, has focused strictly on its high net worth private clients, offering them big single premium policies that come with a useful tax break.

"I am happy we are not all taking the same approach," Mr Walter Frehner, president of the executive board of SBC, said yesterday.

It will be interesting to see which of these strategies proves successful. CS Holding said last autumn that CS Life had greatly exceeded its target since it began operations, and the other two are optimistic about the market potential.

It will also be interesting to see how much the new arrangements ruffle traditional relationships between the big Swiss banks and insurance companies.

SBC, for example, has an 18 per cent stake in La Baloise, but its Basle neighbour apparently was not interested in a partnership. Crédit Suisse has close ties with Zurich, and Zurich officials confirmed yesterday that Mr Fritz Gerber, chairman, would leave the CS Holding board.

Fondiaria plans reorganisation

By Haig Simonian

FONDIARIA, Italy's second biggest private-sector insurance group, yesterday announced a wide-ranging restructuring of three stock market-listed subsidiaries. It wants to create bigger and more competitive units ahead of a long-awaited liberalisation of motor insurance premiums.

The three companies – Latina, La Previdente and Ausonia – are small or medium-sized insurers with both life and non-life operations. Under the proposed reorganisation, Ausonia will be merged into La Previdente via a rights issue, while La Previdente will also be expanded through the purchase of Latina's motor business.

Meanwhile, La Previdente's life insurance activities are to be transferred to Latina Vita, which will change its name to La Previdente Vita.

"This is the first of what are likely to be many Italian insurance rationalisations from within," said Mr Simon Rudolph, an analyst at Morgan Stanley in London. "The aim is to beef up capital and expertise, especially with the liberalisation of motor premiums on the way."

A committee of Italy's lower house of parliament this week approved measures to deregulate motor insurance premiums. The move, which is due to go into operation next year, should become law following acceptance by the senate next week.

Both Latina and Ausonia derive much of their premiums from motor insurance, while La Previdente tends to specialise in personal lines.

Saint-Gobain slides 25% to FFr2.5bn

By William Dawkins

SAINT-GOBAIN, the leading French glass, pipes and building materials group, yesterday reported a 25 per cent decline on last year's profits, indicating a slight recovery from the 40 per cent fall in the first half.

Net profits fell from FFr3.35bn ($610m) to FFr2.5bn, on sales up by 9 per cent, from FFr69.07bn in 1990 to FFr75.05bn last year.

All of the sale increase came from the first full-year incorporation of Norton, the US abrasives group, and Solaglas, the British building glass-producer, both bought in early 1990. Stripping these out, sales fell by 1 per cent.

Flat glass prices improved slightly towards the end of last year while volume growth has started to slacken in Germany. Sales remain depressed in France and show little sign of recovery in the US, said Mr Jean-Louis Beffa, the chairman.

Nestlé confident as sales increase 9%

NESTLE, the Swiss foods group which launched a FFr13.42bn ($2.5bn) bid with Indosuez on Monday for Source Perrier of France, said sales in 1991 reached SFr50.5bn ($35.8bn), 9 per cent above 1990 levels. It confirmed that 1991 profits were also higher, writes Ian Rodger in Zurich.

The better-than-expected increase in sales was attributed to favourable trends in all parts of the world, except the Gulf region, and to a slightly positive net movement of foreign currencies against the Swiss franc.

Sales volume, excluding acquisitions and disposals, grew at more than 4 per cent, with the largest increases in Latin America and Asia. In Europe and North America, all product groups contributed to the increase, except the pet food business in the US, which suffered from a stagnating market and intensive competition.

The group said it expected further growth in sales and profits this year. A complete financial statement is to be published on March 20.

● Sales of Sandoz, the Swiss chemical and pharmaceutical group, grew 9 per cent to SFr13.4bn last year.

JCL to be liquidated with Y129bn outstanding debts

By Robert Thomson in Tokyo

JCL, a property and sales affiliate of Janome Sewing x Machine, one of the world's leading sewing machine makers, began liquidation proceedings yesterday with outstanding debts of Y129bn ($1.04bn), which arose from Janome's dealings with a stock speculator group.

The collapse of JCL symbolises the sometimes disastrous results of conservative Japanese manufacturing companies' diversification into property development and their uncharacteristic links with stock speculators during the financial frenzy of the late 1980s.

Janome was entangled in the failure early last year of Nanatomi, a property and stock speculator which had outstanding debts of Y300bn and was then Japan's third largest bankruptcy on record. Through JCL and another ailing affiliate, New Home Credit, Janome had guaranteed loans of about Y187bn for Nanatomi, and was left exposed after the company's collapse.

JCL had come to guarantee the money after a Nanatomi executive, Mr Masayuki Yasuda, was appointed to the Janome board in 1989, and later became its vice-president.

While he claimed to have ended his days as a stock speculator, Mr Yasuda later admitted to close links to Mr Mitsuhiro Kotani, the head of the Koshin speculator group charged with attempting to extort Y30bn from Janome.

Nanatomi and Koshin began buying Janome shares in late 1985, when the sewing machine maker became one of many targets of the speculative buying that was characteristic of the Tokyo market at that time.

At the start of 1986, Janome shares were at Y380, by March they reached Y1,900 and in November they were trading at Y2,600.

The speculators' purchase of Janome shares was partly inspired by the belief that the company's 180 fully-owned sales outlets in Japan were a potential property goldmine, bearing in mind the then fast-rising price of land. Meanwhile, Janome had hoped the loans to Nanatomi would ensure that the speculators' holding, which reached almost 40 per cent, would not be onpassed to another predator.

JCL was established in 1988 as part of Janome's plans to expand into non-manufacturing business such as jewellery, restaurants and sports clubs.

The company, apparently in expectation of yesterday's filing with the Tokyo District Court, had last year reduced its staff from 60 to five.

While JCL is to be liquidated, Janome has the backing of its main bank, Kyowa Saitama Bank, which has already replaced several executives at the sewing machine company and whose affiliates took control of 81 per cent of JCL shares. The former president of Saitama Bank resigned last year to take responsibility for its exposure to Janome before his bank merged with Kyowa Bank.

Janome has announced that a large part of a Tokyo plant will sold to pay off debts, while Kyowa Saitama has assured other creditors that it is supporting the company. The sewing machine maker is reported to have sold some of its cross-held shares in financial institutions to raise funds, including part of its stake in Kyowa Saitama.

Other listed companies caught in the Nanatomi collapse, including Tobishima Corporation, the construction company, are also being restructured with the assistance of their main bank – in Tobishima's case, Fuji Bank.

Li Ka-shing buys interest in Riady family arm

By Simon Holberton in Hong Kong

MR LI Ka-shing, the Hong Kong entrepreneur, has continued his buying spree in Hong Kong with the acquisition of a large interest in Lippo, a local financial services company controlled by Indonesia's wealthy Riady family.

The acquisition, although relatively modest by Mr Li's standards, is seen as significant for future business developments between himself and the Riady family which has extensive interests in Indonesia and Hong Kong and aims to be a force in south-east Asian business.

Mr Li's Cheung Kong Holdings has paid HK$100m (US$13m) for a convertible note, exchangeable for 18.9 per cent of Lippo's share capital on or before December 31 1993.

In Hong Kong, the Riady family owns a controlling interest in the Hongkong Chinese Bank, and some high profile properties. Lippo has also been in negotiations with the receiver appointed to deal with the Bank of Credit and Commerce International's business in Hong Kong.

The Lippo acquisition is Mr Li's ninth in 13 months and the seventh where he has taken an interest in a company via a convertible note. Collectively these deals have been worth more than HK$2bn.

In October, Mr Li took 11 per cent of Guoco, a listed financial services group which owns the colony's fourth largest bank. During 1991, he bought sizeable minority interest in companies with interests as varied as property and consumer electronics distribution.

Uneasy times in the retail sector

Nikki Tait examines a variety of pressures affecting US stores

SOMETHING, to coin a phrase, is rotten in the US retail sector. The question is, how quickly can the situation be repaired?

Casual observers, noting a wave of post-Christmas announcements from the industry, have every reason to be confused. On the one hand, the former Campeau-owned chains – 11 in all, including high-profile names such as Bloomingdale's and Jordan Marsh – are poised to emerge from bankruptcy. Revco, a mid-west drugstore group with over 1,000 outlets, seems headed in a similar direction.

But Macy's, the New York-based department store group, has been forced to delay post-Christmas payments to suppliers so that bankers' requirements can be met. Zale Corporation, the nation's largest jewellery retailer, is teetering on the brink of bankruptcy, while Seaman's, a prominent east coast furniture chain taken private in a leveraged buy-out three years ago, has succumbed, filing for Chapter 11 bankruptcy protection on January 3.

Woolworth – one of the country's biggest general merchandise retailers with over 9,000 outlets – has unveiled a big operational overhaul, including the shedding of certain specialty chains.

Although a few rare retail stars, such as The Gap, a fast-growing fashion chain, posted double-digit same-store sales gains in December, even Wal-Mart, the stock market's discount darling, managed only 5 per cent. So what does it all add up to?

For a start, the sector's problems need to be seen in perspective. No one doubts that demographics were very favourable to the retail industry in the 1970s and early 1980s. The "baby boom" generation became wage-earners and more women joined the labour force. Personal debt levels also rose until the mid-80s – a reflection of the large youthful working population and general affluence. According to analysts at Salomon Brothers, this prompted shopping space to increase by over 200 per cent between 1972 and 1984.

Population growth, however, was just 12 per cent. Now, as the "baby boomers" begin to age and turn their attention to savings, some fundamental fizz must drain from the "over-stored" retail marketplace.

But other pressures weigh in, too. The most obvious is the recession, and the deterioration in consumer spending trends. Recent statistics have shown consumer spending for retail goods edged up by only 0.7 per cent in 1991 – the smallest increase since sales

Glyn Genin

Bloomingdale's is poised to emerge from bankruptcy

declined by 0.1 per cent 30 years ago. Since the figures do not allow for inflation, the "true" picture suggests an underlying fall.

At a more anecdotal level, most retailers point to the correlation between consumer caution and job fears – a worry which the announcement of 14,000 lay-offs at United Technologies only serves to perpetuate.

Second, trends within US retailing have benefited certain segments of the industry at the expense of others. During the 1980s, for example, the notion of "niche retailing" or "specialty stores" took hold in formidable fashion, undermining the traditional department store concept. Discount retailing also acquired a new twist with the development of "warehouse clubs" – out-of-town barns selling at rock-bottom to membership customers.

Finally, there is the overhang of the 80s bid-frenzy and high levels of leverage which have developed within the sector. In common with airlines, retail chains were superficially well-suited to the "leverage" scenario. In non-recessionary times, they combined tangible assets, in the form of property holdings and inventories, with strong cash-flows. Capital expenditure, meanwhile, could usually be pruned short-term to help meet interest expenses.

In practice, the last problem has arguably been the simplest to solve. As soon as consumer expenditure fell away, companies with the most ambitious capital structures came unstuck.

A string of bankruptcies – including Revco, Federated and Allied Department Stores (the Campeau-owned subsidiaries), Ames Department *Stores, California's Carter* Hawley Hale and Hills Department Stores – resulted.

Since then, creditors have steadily bitten the bullet, and in most cases some form of financial restructuring – usually involving a debt-for-equity swap and some asset sales to provide a cash payout – is under negotiation.

In the best situations, such as Federated/Allied, corporate purgatory is virtually over and an overhauled balance sheet in view.

This process is not at an end. Many analysts reckon companies such as Macy's and Zale still need to resolve capital structure problems. But, that caveat aside, it is probably fair to assume the largest wave of retail bankruptcies has passed.

The other factors prompting the sector's decline may be more difficult to resolve. There are predictions galore about the path of the US economy – but the consensus suggests only a slow upturn at best.

"We're still waiting to see signs of life in the US consumer," comments Barbara Wedelstaedt, retail analyst with McCarthy, Crisanti & Maffei, the high-yield specialists. "I think we'd be looking for a very slow recovery in the sector next year."

For some retail groups, even this modest recovery may be hampered by consumers' increased attention to "value" – a predictable recessionary trend – and the new retailing techniques designed to satisfy this. "I reckon profitability will still be tight," commented one pundit. "There's a switch to value, and consumers will look for lower initial prices and then discounting".

All of which points to the continued need to update systems and minimise costs. Perhaps one of the best things going for the retail sector, is the combination of record stock market levels and ultra-cheap debt, which makes investment funds more accessible.

Retailers have not been slow to seize the opportunity. At the end of 1991, Salomon Brothers noted investment-grade retailers had raised over $3bn in the debt *markets during the previous* eight months – with four leading names, Dayton Hudson, J.C. Penney, May Department Stores and Wal-Mart accounting for 80 per cent of this money. Three others have tapped the equity markets – including K mart, via a $1.12bn issue of Percs, the latest financial product to hit Wall Street.

It is a small break – in an otherwise discomforting picture.

ASM to buy M Plant companies

By Lim Siong Hoon in Kuala Lumpur

MALAYSIAN Plantations (M Plant) has agreed to sell its five plantation companies domiciled in England, and some Malaysian estates for M$185m (US$69m) to Amalgamated Steel Mills (ASM), one of Malaysia's largest industrial groups.

The sale, approved by ASM shareholders, marks one of the last chapters in the unravelling of the acquisition in 1989 for M$592m of the then financially troubled Multi-Purpose conglomerate by Kamunting, a tiny, public-listed toll road operator.

Kamunting and M Plant each has a 32.5 per cent shareholding in the other, the latter acquiring it with a M$167m loan but partially settled by a subsequent M$120m rights.

Kamunting's successful effort in enlisting M Plant's support for the Multi-Purpose bid left the plantation group with M$358m in loans, needed mostly to meet obligations it held on M$249m in Kamunting loan notes.

Debts within Kamunting and Multi-Purpose led, during the past two years, to a stream of asset-sales.

M Plant's outstanding bank debts stand at M$200m. The cash deal with ASM was partially discounted from the M$203m market value, said Mr Lim Thian Keong, managing director, because it was a block offer which attracted few bids.

The UK-based estate rubber and oil palm companies, are, in order of size: Brooklands, Henrietta, Chembong, Kuala Pahi and Kampong Kuantan. KL Land is locally incorporated.

ASM, controlled by Mr William Cheng and his holding company, Lion, is an aggressive group involved in steel products, property, cars and components, finance, retail and food. It is planning a M$3.6bn steel production complex in joint venture with the Taiwanese state-owned China Steel.

ASM turnover for the year to June 1991 was M$1.8bn against M$1.3bn a year earlier.

Aberfoyle blames low metal prices for dividend cut

ABERFOYLE, the Tasmanian-based mining group, has joined the list of Australian resources companies which have fallen victim to historically low world metal prices, writes Bruce Jacques in Sydney.

The base metals company has cut its annual dividend to 10 cents a share from 27.5 cents after 1991 earnings fell to A$10.9m ($8.38m) from A$30.0m. Revenue fell to $125.6m from A$179.1m. The directors said the decline was caused by sharply lower metal prices and near exhaustion of the company's long-standing Que River operation.

Yesterday's report indicated the Hellyer operation was the company's most profitable.

Westfield Trust registers record earnings

By Bruce Jacques in Sydney

WESTFIELD Trust, Australia's largest listed property trust, has shrugged off depressed property markets and reported record earnings for 1991.

The Sydney-based regional shopping centre owner lifted earnings by almost 10 per cent to A$121m (US$93m) for 1991 from A$110.3m a year earlier.

The trust is maintaining its unbroken record of distribu*tion rise since its inception in* 1982 with a 20.01 cents pay-out per unit, up from 19.62 cents.

Mr Frank Lowy, chairman, said yesterday that 10 of the trust's 16 properties were revalued during the year, showing a net rise of A$89.2m. This contrasted sharply with falls in valuations for many other types of property and lifted net asset backing of the trust's securities to A$2.30 each from A$2.21.

The trust's properties had a *vacancy rate of just 1 per cent* and total sales rose 6 per cent to A$2.54 m in the period.

"Westfield Trust is in a sound financial position, with no net borrowings at balance date," he said.

"The underlying strength of regional shopping centres has become more apparent in these difficult times, emphasising their status as the premier form of real estate investment.

"Provided there is no further deterioration in the economic *situation, directors believe that* the distribution to unitholders will be maintained in 1992."

Ready to stamp on the world stage

Donald Gordon, S Africa's leading insurer, talks to Philip Gawith

WHEN Mr Donald Gordon visits London next week after a break in South Africa, he will do so firm in the knowledge that 1991 was the year he emerged into the big time in international insurance.

It was a watershed year in the fortunes of a man who has left an indelible stamp on the South African insurance industry, and he wants to do the same on the world stage. Two developments did much to enhance the status of Mr Gordon and Liberty Life, the largest proprietary life insurance company in South Africa, which he founded in 1958.

First, the tie-up between Transatlantic Holdings – the UK *holding company for the* Liberty group's offshore interests listed in Luxembourg – and UAP, France's largest insurer. Under the deal, the two pooled their holdings in Sun Life of the UK into a new vehicle, Rockleigh Corporation. Rockleigh holds over 95 per cent of the issued share capital in Sun Life. UAP paid £140m for a 16.8 per cent strategic stake in Transatlantic.

Second, an international issue of 12m shares by Liberty Life. The issue, which raised $140m, was the first in London by a South African company since the early 1980s.

One of Mr Gordon's top issues is the future of Sun Life, whose de-listing seems imminent. Once Rockleigh's stake reaches 96 per cent it will be able to acquire compulsorily the balance of the shares.

Although any strategy will first have to be agreed with UAP, Mr Gordon feels there are a number of advantages to de-listing. He cites not being constrained by financial year-ends, being able to restructure the capital or the company more easily than when minorities are involved and not being curbed by the restrictive rules of the London Stock Exchange.

The bottom line is what Rockleigh can do to improve Sun Life's performance. Although Mr Gordon describes Sun Life's most recent results as exceptional, he says "we can make some contribution that will improve those numbers."

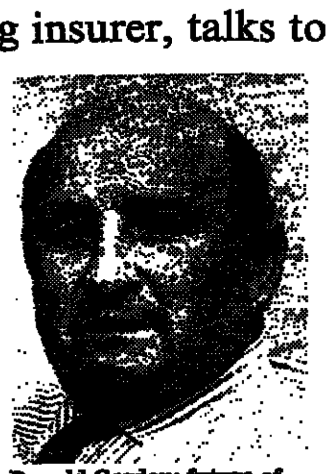
He argues that having large shareholders "is a great advantage. We [Rockleigh] now have a much greater incentive to make Sun Life really productive. We cannot allow it just to remain a passive investment." Specific plans for Sun Life await clarification on a de-listing and talks with UAP. But Mr Gordon will want to take to Sun Life some of the techniques which made Liberty successful.

Apart from growing quickly to become South Africa's third largest insurer, with assets of over R30bn – behind the much older Cape-based mutuals, Old Mutual and Sanlam – Liberty has chalked up an impressive performance record. Its rise in dividends has only once been less than 20 per cent a year since its listing in 1962, and its average annual combined rate of growth (increase in net asset value and dividend distribution) has been 44 per cent per share over the last decade.

How has this been achieved? One feature has been product innovation. Another has been successful staff training. Recruiting and retaining high quality staff is reflected in productivity per agent that is three times the industry average, low lapse ratios and high average premiums.

Liberty is well known for its policy of taking high-quality strategic investments. At June 30 1991, Liberty's top 20 equity holdings constituted 84 per cent of total group equities. These include dominant stakes in two premier companies, South African Breweries and the Standard Bank group.

Mr Gordon says that UAP has a similar approach to taking strategic stakes and adds: "Sun Life has recently looked more at this approach." The convergence of thinking between Mr Gordon and Sun Life goes further. He believes



Donald Gordon: future of Sun Life is a top issue

the acrimony between the two following his unsuccessful attempt to gain control of the company in 1987 is past. "The relationship with Sun Life and its management has not only improved but has become far more collaborative." He says this may be related to the arrival of some senior Sun Life managers after 1987.

Can Mr Gordon replicate his *South African achievements in* the European environment? He believes so. "The expertise we're reflecting in the South African market is, in my view, more sophisticated than anything I've seen anywhere in the world."

Local opinion backs him. Ms Janet Mills, analyst at stockbroker Martin & Co, observes: *"If he gets it as right as he's* got insurance in South Africa, then Sun Life will go from strength to strength."

The UAP link will be of great assistance to Mr Gordon. Not only do close ties with Europe's second largest insurer confer the stamp of respectability which the City of London has been slow to offer – in spite of his being on the board of Guardian Royal Exchange since 1971 – but they provide an important bridgehead into Europe for Transatlantic.

UAP is a potentially powerful source of finance for Mr Gordon's ambitions. The chances of Transatlantic making acquisitions in the insurance field, strengthened by UAP's shareholding, must be considered good. Mr Gordon will not make predictions, but he does note that the "international insurance industry has never been more depressed" *offering opportunities for cash-rich companies such as Liberty* and Transatlantic.

The share placement, which breached an international capital market drought that had applied against South African companies for most of the 1980s, was important in confirming Liberty and Mr Gordon's stature in the City. Mr Oliver Baring of S.G. Warburg, the merchant bank which managed the share issue, says the "whole exercise went extremely well", the shares being placed with a "very blue chip institutional list".

Mr Gordon notes: "We may want to use shares for acquisition purposes in the international market and thus wanted to establish the integrity of Liberty's paper." Although some of the shares flowed back to South Africa, Mr Gordon maintains that "the calibre of the shareholders remains fundamentally intact and there is some evidence of new UK and continental shareholders acquiring shares."

Further down the line is achieving a London listing for Transatlantic which would make future capital raising easier and represent the sort of tangible recognition he desires.

"There is an understanding between ourselves and our major shareholders that we would move towards a listing in London at the appropriate time. The fundamental reason would be if this assisted in creating a more liquid market in the shares and whether it would be in the interests of the company and shareholders." He questions whether the timing is right but believes this is probably the correct path to follow.

INTERNATIONAL COMPANIES AND FINANCE

Delta registers $236.8m operating loss for quarter

By Nikki Tait in New York

DELTA Air Lines, one of the three large US carriers and the purchaser of Pan Am's east coast shuttle operations and transatlantic routes last autumn, yesterday unveiled a $236.8m operating loss in the three months to end-December.

At the after-tax level, the picture improved slightly, with the net loss for the quarter – the second of Delta's financial year – being $187.6m, or $3.89 a share.

This was a small improvement on the $207.8m deficit seen in the same period a year earlier, although the latter half of 1990 was abnormally affected by escalating fuel prices and other Gulf war-related factors.

The operating results reflect Delta's ownership of the shuttle operations for the full three months, and the transatlantic routes, together with the Frankfurt hub, during November and December.

The carrier did not spell out the impact of these acquisitions on the overall loss, but Mr Tom Roeck, Delta's finance director, admitted "aggressive growth in operations, along with additional expansion during the year, was a primary cause of increases in operating expenses for the quarter."

During the three months, Delta's operating revenues advanced from $2.13bn to $2.62bn. However, operating expenses also climbed from $2.44bn to $2.86bn, despite a sharp reduction in the aircraft fuel costs, down from $534.3m a year ago to $394.8m.

Delta's passenger/mile yield improved from 13.83 cents to 14.17 cent, but the average load factor stood at 57.2 (55.9) per cent, against a break-even load factor of 62.7 per cent.

Pan Am's failed attempt to reorganise – in which Delta was to have been a major player – also weighed on non-operating expenses, affecting pre and after-tax figures.

The overall non-operating charge was $56.6m, incorporating a $50m write-off relating to Delta's participation in the Pan Am reorganisation effort.

Analysts had expected a large loss for the quarter, but the figure was at the bottom end of expectations, and the shares fell $1¼ to $73 at midday trading.

Mr Roeck said the carrier was "encouraged by recent declines in fuel prices and a move towards a more rational industry pricing structure".

But he warned that "soft economic conditions", cost increases, and start-up expenses on the newly acquired routes would still dent figures in 1992.

One analyst, Mr Kevin Murphy at Morgan Stanley, said he expected a further loss in the first three months of 1992, and suggested that it could be spring before the Pan Am assets were profitable on a fully-allocated cost basis.

Bombardier gains extra clout

By Bernard Simon in Toronto

BOMBARDIER, the Montreal-based transport equipment-maker, expects its acquisition of de Havilland of Canada to give it extra clout in the world regional aircraft market.

De Havilland's twin-engined Dash 8 turboprop is expected to be marketed as a complement to the slightly larger and longer-range Regional Jet, which is built by Bombardier's Canadair subsidiary in Montreal.

At the same time, Bombardier has indicated that de Havilland's operations willbe integrated with those ofits other airframe manufacturing subsidiaries, namely, Short Brothers of Belfast and theUS executive jet-maker Learjet.

Bombardier is buying a 51 per cent interest in loss-making de Havilland from Boeing of Seattle, with generous financial assistance from the Canadian and Ontario governments. The province of Ontario will have a 49 per cent equity stake in de Havilland, but Bombardier will have the option to buy the province's shares after four years.

Bombardier and Ontario will contribute a total of C$100m (US$86.2m) in new equity in proportion to their shareholdings. The federal and Ontario governments will provide C$490m in other financial support, mainly loans.

In addition, the Export Development Corporation has agreed to provide subsidised export financing to put de Havilland on an equal footing with its competitors.

The two governments have been desperate to find a buyer for de Havilland since a bid by Aerospatiale of France and Italy's Alenia was torpedoed by the European Commission last September. The EC contended that the proposed takeover would have created a dominant player in the European commuter aircraft industry.

The 63-year-old company has enormous symbolic value to Canada. Maker of such famous aircraft as the Tiger Moth, the Mosquito and the Twin Otter, it is one of only two airframe builders in the country and one of the biggest industrial employers in the Toronto area.

De Havilland's only remaining product is the Dash-8. It has delivered 300 Dash-8s and has orders for about 90 on hand.

Bombardier's airframe manufacturing subsidiaries have been increasingly integrated, with one company providing components, research and testing facilities for the others. Mr Laurent Beaudoin, Bombardier's chairman, said "by combining their resources, skills and experience and building on their united strengths, Bombardier and de Havilland can look forward to achieving a strategic position in the aerospace industry."

Boeing put de Havilland on the block almost two years ago after losing patience with the company, which last made a profit in 1982. Although its products are widely respected, de Havilland has been bedevilled by high costs, low productivity and uncertainty over its future.

Platinum prices hit Rustenburg

By Philip Gawith in Johannesburg

LOWER platinum prices contributed to a 19 per cent fall in Rustenburg Platinum's pre-tax profits to R498.8m ($179.4m) for the six months to December.

Sales at the world's largest platinum producer, which is part of the Johannesburg Consolidated Investment (JCI) group, fell 15 per cent to R1.5bn as values of platinum and rhodium, a by-product of mining platinum, slid by 12 per cent and 17 per cent respectively over the reporting period. Despite a reduction in costs, profits on metal sales still dropped by 15.2 per cent to R558.5m.

After taking account of renewals and replacements charges, and tax, lease and tax normalisation, distributable profits fell 17.7 per cent to R219.7m. This was slightly better than market expectations of a 20 to 25 per cent decline in earnings.

It is a measure of the difficulties the platinum industry is experiencing that Rustenburg, which has a strong balance sheet, saw fit to cut its interim dividend to 87.5 cents a share from 125 cents. Earnings per share dropped to 175.3 cents from 213.1 cents, so dividend cover was lifted from 1.7 to 2.

The company notes that metal prices, particularly rhodium, are currently below those achieved in the first half of the year, and if they don't improve results for the second half will be weaker.

Lebowa Platinum, a smaller platinum producer also in the JCI group, made an after-tax loss of R9.4m compared with a R1.2m profit in the previous period.

This was largely a function of the high costs in relation to revenue because of the mine's sustained drive to increase tonnage milled to 70,000 tonnes per month.

Tonnage milled did increase by 52.3 per cent to approach 60,000 tonnes per month, but revenues were only up by 12.3 per cent because of lower metal prices and lower than planned head grades

Because of the cash-flow strain the mine is experiencing, the company has decided to expand output from 70,000 to 100,000 tonnes per month. This will be achieved through mining outcrop ore using open-cast methods rather than through underground production.

Write-off behind 32% fall at Dow Jones

By Alan Friedman in New York

DOW JONES, publisher of the Wall Street Journal, yesterday reported a 32.5 per cent decline in 1991 net profits, to $72.2m, a result in line with market expectations.

The net income figure was struck after a previously-announced $32m write-off of development costs, goodwill and equipment associated with The Trading Service, a foreign exchange direct dealing service of Dow Jones' Telerate subsidiary.

Consolidated operating income for 1991 was 5 per cent higher at $240.7m, while total group revenues of $1.7bn represented a 0.3 per cent increase on 1990.

Group net profit in the fourth quarter was almost wiped out by the $32m Trading Service charge, having declined to $3.5m from $23.4m in the last quarter of 1990.

But operating income in the last quarter of 1991 grew by 44.4 per cent to $78.7m on quarterly revenues that were 3 per cent higher at $456.1m.

The final quarter of 1991 saw an improving trend in all three main divisions, with operating income 22.6 per cent higher in information services, to $37.6m.

The business publications segment, which includes The Journal and Barron's, rebounded by 96.2 per cent, to $33.6m of operating income, although this was compared with a depressed 1990 fourth-quarter level.

Operating profits in the quarter at the Ottaway community newspapers division was 12.7 per cent up at $9.4m.

The Wall Street Journal's advertising linage fell by 10.3 per cent in 1991, but by only 0.7 per cent in the fourth quarter. The Journal's full-year advertising revenues fell 5.8 per cent, but rose by 3.3 per cent in the last quarter.

For the whole of 1991 the information services division, including Telerate and Dow Jones Information Services, managed a 14.3 per cent rise in operating earnings, to $147.6m.

The business publications division's operating profit was 2.7 per cent lower in 1991, at $81.5m. Ottaway reported a 14.2 per cent lower 1991 operating profit of $26.9m.

Analysts said they were generally pleased with the fourth-quarter trend, but Wall Street reacted to the results by marking the Dow Jones share price $1 lower to $28¼.

BCE turns in record figures for full year

By Robert Gibbens in Montreal

BCE, the telecommunications group that controls Northern Telecom, reported higher fourth-quarter earnings despite the recession and reduction in long-distance rates.

Net income was C$346m (US$298m), or $1.11 a common share, up 7 per cent from C$322m, or C$1.05, a year earlier, on revenues of C$5.2bn, against C$4.8bn.

The contribution from Bell Canada, the telecommunications subsidiary, was stable at 74 cents per BCE share.

For the full year, BCE lifted earnings to a record C$1.23bn, or C$4.01 a share, up 16 per cent from C$1.06bn, or C$3.50, in 1990. Revenues advanced to C$19.9bn, up 8 per cent from 1990's C$18.3bn.

BCE credited the strong results to a continuing high level of investment in technology and to expense controls. It said its results in the latest quarter were helped by lower borrowing costs.

For the full year, Bell Canada contributed C$2.97 per BCE share, little changed from 1990, Northern Telecom 97 cents, against 89 cents, Montreal Trust 7 cents compared with 14 cents, and TransCanada PipeLines 13 cents, against 22 cents.

BCE Mobile Communications suffered a loss of 6 cents, against 5 cents.

Unisys returns to the black despite downturn in sales

By Louise Kehoe in San Francisco

UNISYS reported its first profitable quarter in three years, buoying confidence that the struggling US computer manufacturer is on the road to recovery.

Although sales revenues dipped, the company said US orders booked during the quarter showed the strongest gain in five years.

For the fourth quarter, the computer manufacturer reported net income of $80.5m, or 31 cents a share, well above Wall Street expectations and a strong recovery from 1990 fourth-quarter losses of $88.5m, or 74 cents.

Revenues declined sharply, however, to $2.46bn for the quarter, compared with $2.93bn in the same period a year ago. Unisys said the drop reflected "continuing market weakness, lower shipments at the end of product cycles and the sale of its Timeplex subsidiary in June 1991".

Unisys said strong demand in Pacific Rim markets and improvement in the US were offset by continued weakness in Europe during the fourth quarter.

Over the past two years, Unisys has restructured its operations to cut costs and reduce its heavy debt load. Debt declined around $150m in the fourth quarter, Unisys said. At the end of the third quarter, the company's debt load was just under $3bn.

"Our programme to reshape the company is on schedule in terms of both lowering our cost structure in line with market conditions and focusing our strategic product, technology, service and market initiatives," said Mr James Unruh, chairman and chief executive.

For 1991, Unisys recorded a net loss of $1.4bn, including a special charge of $1.2bn in the second quarter, on revenues of $8.7bn. This compares with a 1990 loss of $436.7m, including a special charge of $181m, on revenue of $10.1bn.

Mr Unruh said: "We do not expect early improvement in general economic conditions or a lessening of competitive pressures in our information systems business. However, we did start the year with a stronger base of business. . . and we remain committed to profitability for the year."

Unisys stock rose to $6⅞ in midday trading, from a Wednesday close of $5⅝, on news of its higher-than-expected earnings.

Data General returns fall well below expectations

By Louise Kehoe

DATA GENERAL'S stock lost 23 per cent of its value yesterday when the manufacturer of mid-range computers reported much lower than expected earnings for its first fiscal quarter.

The company blamed competitive pressures on pricing for the decline.

For the first quarter, it reported net income of $4m, or 12 cents per share, down from $12.4m or 41 cents in the same period last year.

Wall Street analysts had been projecting earnings of around 47 cents per share for the first quarter. The stock skidded to $12¼ at midday, from a Wednesday close of $16. Revenues for the quarter were $294.8m, down from $311.7m for the same period a year ago.

The company said first quarter revenues from the Japanese market were $16m lower than during last year's first quarter, following the sale in 1991 of its Japanese subsidiary.

The sales and earnings decline represents a setback in Data General's financial recovery. The company returned to profitability in fiscal 1991 after four years of heavy losses, during which operations were severely cut and the company developed a new "open systems" product line.

It said sales of its "open systems" product line continued to grow during the first quarter, but that prices declined.

"We have been able to maintain profitability despite continuing weakness in the worldwide economy and very competitive pricing pressures," said Mr Ronald Skates, president and chief executive.

"Our expectation is that industry-wide pricing pressures, which had a significant impact on the past quarter's results, will not abate for some time," he added. "We remain very cautious about the remainder of 1992."

Sara Lee and Quaker Oats cheer markets

By Nikki Tait

TWO large US consumer product groups, Sara Lee and Quaker Oats, have reported sharply-improved profits for the final three months of 1991, causing a fillip in their share prices yesterday.

Profits rose by 13.6 per cent at Sara Lee, the large Chicago-based consumer products company, during the second quarter of its 1991-92 financial year, to $189.4m after tax. Earnings per share increased by a roughly similar amount, up 13.2 per cent to 77 cents, while net sales for the quarter were $36bn, 6.8 per cent higher.

First-half net profits show a more dramatic advance, up by two-thirds to $452.8m, but this partly reflects a net pre-tax unusual gain of $221.7m – comprising profit from the sale of the pharmaceuticals business offset by some restructuring costs. The gain was taken in the July-September quarter.

The packaged meats and bakery side increased second-quarter operating profits by 9.8 per cent to $75.5m, although the coffee/grocery division gained only 1.3 per cent at $67.1m, with European coffee volumes declining slightly.

Personal products – which include brand names like L'eggs and Hanes – continued to surge ahead, helped by acquisitions. Operating profits here were 21.6 per cent higher.

At Quaker Oats, the food and pet foods group also based in Chicago, second-quarter after-tax profits totalled $44.7m, against only $2.1m.

Comparisons are muddied because of a $30m provision for discontinued operations last year, but pre-tax profit from continuing businesses still rose from $57.5m to $78.3m.

The company said it had been helped by strong volume growth, at home and abroad, and by lower commodity costs. First-half profits now stand at $87.1m after tax.

Shares in Sara Lee rose ⅝ to $54⅝, and those of Quaker Oats, $1¼ to $71½ on the news.

Charge and fall in sales push Caterpillar into red

By Barbara Durr in Chicago

CATERPILLAR, the world's largest maker of earthmoving equipment, reported a $404m annual loss for 1991, compared with earnings of $210m in 1990. The loss per share for last year was $4.00, against earnings per share in 1990 of $2.07.

The loss was attributed primarily to a $373m pre-tax, non-recurring charge, most of which was taken in the fourth quarter, and a 12 per cent decline in sales volume. The charge was for plant closings and employee redundancy costs.

Although the company has been embroiled in a labour dispute with the United Auto Workers since the beginning of November, it said this did not have a significant effect on the deterioration in sales. It did admit that with some 9,300 workers idled, operations have been disrupted.

The company's outlook for this year is also clouded by the labour dispute.

It said that because of the uncertainties about the economy and resolving the labour problems, it was "not practical to forecast 1992 profitability at this time". But it is expected the first quarter of 1992 will be unprofitable.

In the fourth quarter, the company reported a loss of $318m, or $3.16 per share. This compares with earnings of $11m, or 11 cents, in the year-ago period.

Sales and revenues in the fourth quarter were $2.46bn, down by $299m from the 1990 period.

Fourth-quarter earnings tumble sharply at Amoco

FOURTH-QUARTER earnings of Amoco, the US oil and natural gas group with large interests in chemicals, fell to $200m, or 40 cents a share, from $538m, or $1.07, in the corresponding quarter of 1990, Reuter reports from Chicago.

The group attributed the fall to lower crude oil prices and higher exploration expenses. Crude oil prices averaged $20 a barrel, or more than $10 a barrel below the 1990 fourth-quarter level.

Exploration expenses were up $85m.

Amoco added that its chemical operations incurred a loss in the quarter, reflecting a soft economy and industry overcapacity.

Amoco's 1991 full-year profits declined to $1.53bn, or $3.07 a share, from $1.91bn, or $3.77, in 1990. The 1991 net includes a $311m, or 62 cents-a-share gain.

Worldwide capital and exploration expenditures in 1991 amounted to $3.9bn, compared with $3.7bn in 1990.

Amoco recently announced a capital and exploration expenditure budget of $3.7bn for 1992.

Domestic exploration and production operations earned $107m in the fourth quarter, while foreign exploration and production earnings amounted to $46m.

Stratus to supply International Computers

By Alan Cane

STRATUS COMPUTER of the US has agreed to supply International Computers (ICL), the UK-based company in which Fujitsu of Japan has a majority stake, with fault-tolerant computers in a deal which underlines the interdependence of computer manufacturers today.

Stratus, based in Marlboro, Massachusetts, also supplies its computers under non-exclusive agreements to International Business Machines (IBM), the world's largest computer manufacturer, which at one time comprised 30 per cent of Stratus' market, Olivetti of Italy, Ericsson of Sweden, and NEC of Japan.

The company turned over $448.6m in 1991, a rise of 11 per cent on the preceding year, with earnings of $49.7m, up 23 per cent.

Fault-tolerant or continuous availability computers are designed so that single faults will not stop the system functioning. They have become essential for critical applications including money transfer and security where malfunctioning computers cannot be tolerated. The worldwide market for systems of this kind is estimated at $12bn.

The market leader is Tandem Computers of the US; other manufacturers including Digital Equipment and Hewlett Packard now also offer fault-tolerant systems.

Mr William Foster, president and chief executive officer, said Stratus and ICL were complementary; ICL had special expertise in the Unix operating system which was the fastest-growing area of the Stratus marketplace.

Mr David Berry, director of associated services at ICL, said he expected to sell £10m ($18.1m) worth of Stratus hardware in the first year of a five-year plan in which revenues should reach between £50m and £100m.

Stratus and ICL sales forces would complement each other in the UK rather than compete. ICL's chief aim in selling Stratus hardware would be to strengthen its role in the financial services market as well as public utilities, telecommunications and security.

ICL and Stratus have worked together informally since 1987; ICL installed Stratus computers at Deutsche Presse-Agentur, Germany's largest press agency.

INTERNATIONAL CAPITAL MARKETS

Japanese rail group plans to raise Y80bn

By Emiko Terazono in Tokyo

EAST JAPAN RAILWAY, one of the seven divisions of Japan Railway Group, the former Japanese National Railway, which was incorporated in 1987, has announced plans to raise up to Y80bn ($649m) in straight bonds on domestic and overseas markets by the middle of this year.

This will be the first bond issue by any of the seven operating units of the rail group. The announcement follows last year's decision by the Ministry of Transport to postpone privatisation of the railway units due to the sluggishness of the Japanese stock markets.

The move is expected to promote further expansion of the domestic corporate bond market. Companies are turning to the Japanese straight bond market, originally seen as immature because of rigid issuance restrictions and an illiquid secondary market.

Last year, due to the stock market slump which made large equity-linked financing difficult, and to the loosening of restrictions by the Ministry of Finance, the straight bond market saw an increase in straight bond issues. In 1991, domestic straight bond issues totalled Y2,380bn, up 30 per cent from 1990, and issues in the Euro market rose 2.5 times to Y3,500bn.

East Japan Railway said that it would continue to tap the straight bond market for fund-raising. The company needs funds for instalment payments for the 'Bullet Train' facilities worth Y3,100bn. East Japan Railway must repay Y150bn of maturing long-term debt this year, and the unit plans to spend Y200bn in capital investments in the year to March 1993.

East Japan Railway said that issue terms and details of the bonds have yet to be fixed. The remaining railway units, including Central Japan Railway and West Japan Railway, are expected to follow suit by raising funds through the corporate bond market.

Tokyo broker to acquire affiliate

MITO Securities, a medium-sized brokerage house listed on the second section of the Tokyo Stock Exchange, is to acquire its affiliate, Kojima Shoken, as of May 1, Reuter reports from Tokyo.

Mito Securities said one Kojima share would be exchanged for 0.8 of a Mito share. Mito, capitalised at Y10.83bn, currently holds 5 per cent of Kojima, which is capitalised at Y78m and is unlisted.

Mito Securities said the merger was aimed at expanding its sales network and improve efficiency.

There had been market speculation on the merger since last week that it may trigger a string of mergers between small affiliated securities houses.

Chinese shares well received

THE first public offering to foreigners of shares in a Chinese company was about four times over-subscribed after a three-day placement, Reuter reports from Hong Kong.

Some 800,000 Shanghai Vacuum Electronic Devices shares were underwritten by SBCI Finance Asia, Salomon Brothers and Sung Hung Kai with 200,000 shares handled by Shanghai underwriters. The shares, with face value of Yn100 ($18.5), were offered at Yn420 each, to raise Yn420m ($78m).

Treasuries ease with shift of attention to auction

By Patrick Harverson in New York and Sara Webb in London

US TREASURY bond prices fell across the board yesterday morning as investors ignored more bad employment news and instead focused on the afternoon's big auction of new government securities.

By midday, the benchmark 30-year Treasury issue was down ¾ at 103¼, yielding 7.656 per cent. At the short end of the market, the two-year note was also weaker, down ⅛ at 99¾ to carry a yield of 4.975 per cent.

The news of a 46,000 rise in jobless claims for the second week of January would normally have buoyed the market. The figure, however, was in line with analysts' forecasts, and not enough to affect a market that was trading cautiously ahead of the sale of $9.25bn in five-year notes.

Prices were also depressed yesterday by the continuing weight on investors of large amounts of new corporate debt, especially at the long end of the maturity range. Investors have struggled to absorb all of the new corporate securities, and consequently they have had little appetite for government debt in recent weeks.

■ JAPANESE government bonds climbed to new highs on yesterday's bullish money supply data, but the market ended the day almost unchanged as profit-taking wiped out the gains.

The money supply grew by a preliminary 2 per cent in December, down from the previous record low of 2.1 per cent in October. The news raised hopes of an easing in the Bank of Japan's monetary policy.

The yield on the benchmark No 129, which opened at 5.20 per cent, reached 5.145 per cent after the money supply announcement. However, prices fell back on profit-taking and weakened further in the London trading session with the No 129 yielding 5.22 per cent.

Short-term interest rates, which fell sharply on Wednesday, inched up again in Tokyo yesterday as the Bank of Japan squeezed the supply of funds in the money market. The rate on three-month certificates of deposit moved up to 5.0 per cent from 4.95 per cent.

■ THE DUTCH government's financing agency announced it will close sales of its 8.25 per cent 10-year issue today, but will leave its 8.25 per cent 15-year tap open next week.

The 10-year issue has raised a total of Fl 8.3bn this week, while the 15-year issue has raised Fl 3.9bn during the same period. Traders said the money raised by the two tap issues accounted for 30 to 35 per cent of the government's 1992 funding requirement.

Although Dutch government bond prices closed higher on the day, investors only bought a little of the tap issues, preferring to buy directly in the market yesterday.

Elsewhere in Europe, German government bond prices were almost unchanged on the previous day's close. The Liffe bund futures contract traded in a range of between 88.21 and 88.52 before ending the day at 88.41. Traders noted that the futures contract was well supported at the low end of its range and did not fall below 88.20 which is an important technical resistance level.

■ UK government bonds ended the day firmer in light trading ahead of the G7 meetings this weekend and next week's gilt auction. Traders said sterling strength helped to lift gilt prices, with the benchmark 11¾ per cent gilt due 2003/07 rising from 115¹¹⁄₃₂ to 115⁲⁄₃₂ by late afternoon.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	112.6215	-0.339	9.95	9.94	9.51
BELGIUM		9.000	06/01	102.2500	-0.050	8.63	8.66	9.03
CANADA *		8.500	04/02	101.7500	-0.150	8.24	8.19	8.31
DENMARK		9.000	11/00	103.2700	-0.005	8.45	8.51	8.82
FRANCE	BTAN	8.500	11/96	99.3655	+0.151	8.65	8.72	9.23
	OAT	9.500	01/01	106.7500	-	8.40	8.44	8.73
GERMANY		8.25	09/01	102.3500	+0.020	7.88	7.91	8.13
ITALY		12.000	08/01	98.7100	+0.020	12.23	12.27	12.82
JAPAN	No 119	4.800	06/99	98.3800	-0.108	5.49	5.61	5.91
	No 129	6.400	03/00	106.8130	-0.124	5.21	5.34	5.55
NETHERLANDS		8.500	03/01	100.9000	-0.090	8.35	8.38	8.65
SPAIN		11.900	07/98	101.7700	+0.020	11.31	11.39	11.90
UK GILTS		10.000	11/96	101-18	+5/32	9.58	9.63	9.96
		10.000	02/01	103-08	+7/32	9.47	9.47	9.76
		9.000	10/08	98-09	+9/32	9.20	9.17	9.49
US TREASURY *		7.500	11/01	102-18	-9/32	7.13	7.10	6.86
		8.000	11/21	103-31	-12/32	7.66	7.63	7.53

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

Sandner re-elected CME chairman

By Barbara Durr in Chicago

MR JOHN "Jack" Sandner was re-elected as chairman of the Chicago Mercantile Exchange (CME) for a record eighth time. Mr Sandner, who has served seven one-year terms as chairman, will now serve a two-year term under new rules approved by the CME last year.

Mr Sandner is a lawyer by training and a former Golden Gloves boxing champion. He was chairman from 1980 to 1982, from 1986 to 1988, and again in 1991.

He said he plans to press on with the initiatives he began in 1991 "to ensure that the CME remains the most important and innovative centre of risk management in the world."

At the CME, the chairman is elected by the board of governors rather than by direct vote of exchange members. The CME board of governors is composed of 24 representatives of the three divisions of the exchange and eight appointed outside governors.

While there has been some grumbling on the CME floor about the exchange's entrenched leadership, the continuity in its top ranks has enabled it to pursue a consistent, strategic expansion of its innovative financial products.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on January 23

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FT LAW REPORTS

Italian court bars UK arbitration

MARC RICH & CO AG v SOCIETA ITALIANA IMPIANTI
Court of Appeal (Lord Justice Neill, Lord Justice Woolf and Lord Justice Scott): December 19 1991

SUBMISSION to the jurisdiction of the courts of a foreign country by the lodging of a defence covers the whole proceedings, including earlier interlocutory orders and decisions. Accordingly, an earlier decision as to the non-existence of an arbitration agreement is a decision of a competent court binding on a party who submits to the jurisdiction at a later stage, and bars him from asserting in the UK that the claim should go to arbitration.

The Court of Appeal so held when dismissing an appeal by the plaintiff, Marc Rich & Co AG, from Mr Justice Hobhouse's dismissal of its application for an interim injunction to restrain the defendant, Societa Italiana Impianti PA, from pursuing an action in Genoa pending appointment of an arbitrator.

LORD JUSTICE NEILL said Marc Rich was Swiss. Impianti was Italian. In 1987 Impianti sold a cargo of oil to Marc Rich. The contract for sale was negotiated in Italy.

Following the sale Marc Rich alleged that the cargo was contaminated, and contended that the contract incorporated an English law London arbitration clause.

On February 29 1988 Marc Rich appointed an arbitrator. Meanwhile, on February 18, Impianti had issued proceedings in Genoa seeking a declaration of non-liability.

On May 20 Marc Rich issued an originating summons in the Commercial Court in London seeking appointment of an arbitrator pursuant to section 10(3) of the Arbitration Act 1950. It obtained leave to serve out of the jurisdiction.

Impianti applied to set aside leave, contending that the contract did not contain an arbitration clause and that the dispute should be resolved in Italy.

Mr Justice Hirst dismissed the application. He held that the 1968 Civil Jurisdiction and Judgments Convention did not apply; that the putative law of the contract was English; and that it was a proper case for leave.

Impianti appealed. The Court of Appeal referred questions on the interpretation of Article 1 of the Convention to the European Court.

Meanwhile, Marc Rich had taken steps to contest jurisdiction in Genoa. On October 4 1988 it lodged a defence document pleading lack of jurisdiction, but, in the event of recognition of jurisdiction, claiming compensation for loss.

On January 25 1991 the Corte di Cassazione in Rome rejected a plea by Marc Rich that the *Genoa proceedings be stayed* on the ground of lack of jurisdiction. It held there was no arbitration agreement and that the only jurisdiction was Italy where the contract had been formed.

On May 14 Marc Rich lodged a further pleading in Genoa, contesting Impianti's non-liability claim. On June 4 and July 2 it introduced documentary evidence.

On April 25 the European Court gave its judgment on the question referred by the Court of Appeal.

Article 1(4) of the Convention provided "the Convention shall not apply to ... (4) arbitration". The first question referred was whether the article 1(4) exception extended to litigation as to the initial existence of an arbitration agreement.

In paragraph 22 of its judgment the Court said Impianti contended that the article 1(4) exclusion did not extend to such disputes. Further contentions were set out in paragraphs 23, 24 and 25.

In the first sentence of paragraph 26 the Court said "those interpretations cannot be accepted". In paragraph 29 it said the exclusion extended to litigation pending before a national court concerning appointment of an arbitrator, even if existence of an arbitration agreement was a preliminary issue in that litigation.

Those paragraphs were not easy to interpret. The Court appeared in the first sentence of paragraph 26 to reject the paragraph 22 contention. On the other hand, paragraph 29 was capable of meaning that the exclusion covered section 10(3) cases.

In the light of the European Court's answer, the appeal from Mr Justice Hirst's judgment was dismissed.

On October 29 Marc Rich sought an injunction to restrain Impianti from taking further steps in Genoa until final award in the arbitration.

Mr Justice Hobhouse concluded on the balance of convenience that it would not be appropriate to grant an interim injunction after Marc Rich had apparently voluntarily submitted to the jurisdiction of the Italian court. He refused the application. Marc Rich now appealed.

On the appeal the question, not argued below, was whether the Rome decision was binding as to the existence of the arbitration agreement. If so, the *basis for the summons and* relief disappeared.

Article 26 of the Convention provided that a judgment given in a contracting state should be recognised in other contracting states.

Section 32(1) of the Civil Jurisdiction and Judgments Act 1982 provided that an overseas judgment should not be recognised in the UK if the proceedings were brought in the overseas court (a) contrary to agreement and (b) without the agreement of the person against whom judgment was given, "and (c) that person did not ... submit to the jurisdiction of that court".

Section 32(4)(a) provided that nothing in subsection (1) should affect recognition in the UK of a judgment "which is required to be recognised or enforced there under the 1968 Convention".

Section 33(1) provided that a person against whom judgment was given should not be treated as having submitted to the jurisdiction only because he appeared to contest jurisdiction, or to ask for a stay on the ground that the dispute should be submitted to arbitration.

Impianti contended that the Rome judgment was the judgment of a competent court, and that Marc Rich had submitted to the jurisdiction by lodging the first defence in October 1988, or by lodging the second defence in May 1991 and the documents in June and July.

Accordingly, it was argued, all the elements of an issue estoppel were present – final judgment on the merits by a competent court between the same parties on the same issues. Marc Rich said the Rome court was not a competent court in that the defence was not a submission to the jurisdiction.

In the alternative Impianti said the judgment had to be recognised under the Convention and, in the light of section 32(4)(a), section 32(1) did not apply.

If one considered the form of the question sent to the European Court of Justice and the argument recorded in paragraph 22 of the judgment, the European judgment did not provide any clear authority for the proposition that the Rome judgment was one to which section 32(4)(a) applied.

It was unnecessary to express any final view on the question. The case would not be decided on the basis of section 32(4)(a).

The question was whether Marc Rich submitted to the jurisdiction of Italian courts at a time and in a manner which prevented it from relying on section 32 because of non-fulfilment of condition (1)(c).

Section 33 should not be construed too narrowly. It might not have been necessary for Marc Rich to lodge an alternative defence on the merits on October 1988, but the pleading made it abundantly clear that the primary purpose of the document was to challenge the jurisdiction. It was assumed that the first defence did not amount to a submission.

The second defence, lodged in May 1991, was another matter. It was a plain and unequivocal submission to the jurisdiction of the Italian court to deal with the merits of the claim. Marc Rich was seeking rejection of Impianti's claim. The matter was put beyond doubt by the lodging of documents.

Once Marc Rich had submitted to the jurisdiction to try the merits of the case, that submission covered the whole proceedings. It could no longer dispute earlier interlocutory orders, nor challenge the validity or competence of any earlier decision in the proceedings.

It followed that the Rome judgment was the judgment of a competent court. Marc Rich must be regarded as having submitted to the jurisdiction. The condition in section 32(1)(c) could not be satisfied. Marc Rich was bound by the decision that the contract did not contain an arbitration agreement.

The appeal was dismissed. Their Lordships agreed.

For Marc Rich: Iain Milligan QC (Clyde & Co).

For Impianti: Peter Gross (Ince & Co).

Rachel Davies
Barrister

France set to back down on capital gains tax plan

By Tracy Corrigan

THE FRENCH Treasury is understood to be ready to back down over proposals designed to tighten rules governing the taxation of capital gains *earned by French residents.*

The proposals, as originally conceived, could have driven debt issuance by French borrowers offshore and reduced the liquidity of the French bond market.

Yesterday, Crédit Foncier changed plans to launch a domestic issue with an international tranche because of fears of the tax changes. Instead, the financial institution launched a FFr3bn Eurobond and a FFr1.2bn domestic bond issues.

In fact, the proposals were intended to facilitate taxation

INTERNATIONAL EQUITY ISSUES

of capital gains earned on "stripped" bonds – bonds which have been reduced to their component parts of individual coupons. But the proposals, in their initial form, would also have affected the issuance of fungible debt held by French investors.

French borrowers, in an effort to increase the liquidity of their debt, frequently add new tranches to existing issues, a practice which would *have been penalised under the* proposed changes.

The proposal would have scuppered the chances of France's burgeoning public debt market, set up last month by four leading state-owned *entities including Crédit Foncier.* The market, designed to combine international and domestic distribution, imitates the structure of the French Treasury market, with a group of committed market-makers called Specialistes en Valeurs du Secteur Public (SVP).

The change would also have gone against the French government's strong tradition of promoting market reform and encouraging liquidity.

The Treasury is expected to *back down following* representations by the French banks.

D-Mark sector absorbs heavy flow

By Tracy Corrigan

THE D-Mark sector is absorbing a heavy flow of paper as investors lock in historically high coupon levels on the expectation that rates are set to fall. The market absorbed more than DM2bn of fresh supply last week, and new issues totalling in excess of DM2.5bn, including a further DM500m yesterday, have been launched so far this week.

Yesterday, Saskatchewan, the Canadian province, launched a DM300m seven-year offering via CSFB Effecten-

INTERNATIONAL BONDS

bank, designed to catch the wave of enthusiasm for Quebec's DM500m 10-year deal, which has performed strongly relative to the underlying Bund market. However, the Saskatchewan deal met rather less demand, trading at a discount to co-managers' fees.

Two other offerings, each totalling DM100m, were targetted at retail investors. Teollisuuden Voima, a Finnish nuclear power company, brought a seven-year offering via Dresdner Bank and Europäische Hypotekenbank also launched a seven-year deal.

In the dollar sector, the US' General Electric Capital Corporation launched a $200m four-year deal, via Kidder Peabody. The deal was considered aggressively priced, but the name is well liked by Swiss retail investors.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Gen.Elec.Cap.Corp(a)†	200	6¼	101.325	1996	1⅝/1⅛	Kidder Peabody Int.
Sega Enterprises(b)§†	200	3½	100	1996	2½/1½	Nomura Int.
FRENCH FRANCS						
Credit Foncier de France(c)†	3bn	8⅝	98.996	2002	(c)	BNP Capital Markets
Promodes(d)♦†	300	zero	100	1998	1.6/1.2	Credit Lyonnais
D-MARKS						
Province of Saskatchewan(a)†	300	8¼	101.85	1999	2¼/1⅜	CSFB Effectenbank
Teollisuuden Voima Oy(a)†	100	8⅜	102¼	1999	2¼/1⅜	Dresdner Bank
Europaeische Hypo'bk.(e)†	100	8	101¼	1999	(e)	Frankfurter Hypo'bk.
SWEDISH KRONOR						
Helaba Int.Fin.(a)†	300	10¼	101½	1997	1⅞/1¼	Den Danske Bank
DANISH KRONER						
Fin.for Danish Industry(a)†	250	8⅞	102	1997	1⅞/1¼	Kredietbank Int.
LIRE						
Credit Comm.d'France(a)†	150bn	11.7	101⅞	1997	1⅞/1¼	Is.Bco.S'Paolo d'Torino
SWISS FRANCS						
JSP Corp(f)★★§	20	6⅞	100	1996	-	Nomura Bk (Switz)

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon was indicated at (3½%-4%). Conversion premium fixed at 2.5%. Callable at 104% declining 1% annually from 1/4/92. c) Underwriting fee - 32.5bp. Non-callable. d) Launched in 2 tranches; each a minimum of FFr100m. Redemption linked to issuer's share price. e) Selling concession fee - 1¼%. Non-callable. f) Coupon payable semi-annually.

Wall Street heralds a profitable year

Martin Dickson looks at the changing rankings of securities houses in bumper times

FOR Wall Street securities houses, 1992 has started in the nicest possible way – with a soaring stock market and a fresh wave of the tremendous issuance of new corporate debt and equity which helped make 1991 so very profitable.

In just the first three weeks of this year, issues of investment grade debt in the US totalled more than $20bn – some 10 per cent of the entire 1991 total. Common stock issue volume was less dramatic, raising $1.78bn, 3.2 per cent of last year's tally, but investment bankers say equity deals in the pipeline indicate that the early months of 1992 will maintain last year's hot pace.

The year 1991 itself proved a banner one, with total domestic financing volume reaching a record $586bn, up 88 per cent from 1990, the previous all-time high, according to IDD Information Services. And that, in turn, has translated into bumper profits for Wall Street, which derives much of its income from underwriting the sale of securities.

Yet behind the overall growth lie some significant changes in the rankings of the Wall Street houses. For the *fourth year running, Merrill* Lynch maintained its position as the leading underwriter of all new issues – just one year short of the five-year record previously held by Salomon Brothers. It also headed the investment grade corporate debt league.

Goldman Sachs maintained its number two position for total underwriting and rose from second to first place in common stock offerings, which are far more profitable for securities firms than debt issues. Lehman Brothers, an *American Express offshoot* which has suffered some big setbacks in recent years, jumped from seventh to third place in total domestic underwritings, thanks to an aggressive performance in the debt market. And Salomon Brothers, which has been the subject of a bond market scandal, dropped from fourth to seventh for all domestic issues.

The two main factors behind last year's new issue wave were the steady decline in US interest rates and the concomitant surge in stock market prices. And both these driving forces were given a powerful new thrust on December 20 when the Federal Reserve took the highly unusual move of cutting the discount rate by a full point to 3.5 per cent. The timing of the cut, just before the Christmas holiday, means that many companies have only begun reacting in the first few weeks of this year.

A key question now is *whether this early surge can* be sustained through the rest of 1992, a year which many expect to produce a gradual US recovery from recession and an eventual reversal of the downward trend of interest rates. Mr Grant Kvalheim, head of global capital markets at Merrill Lynch says that "if interest rates stay at this kind of level its going to be a busy year."

However, rising rates could put a severe damper on the debt boom, while sharp downward corrections in the stock markets would have the same *effect on* equities, at least in the short-term. Says Mr Bob Scott, managing director in charge of the capital markets group at investment bank Morgan Stanley: "If rates were to move higher for any reason, you could see the pace of [debt] financings slow quite quickly."

But whatever happens to the debt market, many on Wall Street expect equity issues to remain reasonably strong for several years as corporate America deleverages its balance sheets from the excesses of the 1980s, when companies' indebtedness rose sharply relative to equity. That process is now being sharply reversed: in 1991 equity issues totalled $54.8bn, compared to just $19bn in 1990 and $43.5bn in 1986, the previous record year.

Factors behind the deleveraging include some companies' difficulties in servicing debt during the recession; banks' reluctance to extend new borrowings because of their own bad loan problems; and a fear among blue chip companies that if they do not improve their capital ratios they may risk downgrading by the credit rating agencies.

Many companies which went private in the 1980s through highly leveraged buy-outs have returned to the equity market over the past year through initial public offerings (IPOs) of shares. The latest example is Burlington Industries, a textile group taken private five years ago by Morgan Stanley, which announced this week that it would return to the market with an $855m IPO. Bankers hint that even bigger deals are in the pipeline.

Many other privately-owned businesses have been attracted to IPOs by the extremely high prices that the market is currently prepared to pay for shares. *Last* year, IPOs totalled $24bn, up from $10bn in 1990, and represented 44 per cent of the entire deluge of common stock. *Some* 40 per cent of the IPO offerings represented some kind of deleveraging.

Mr Mike Ryan, managing director of the equity transactions group at Merrill Lynch, reckons that factors like these "will prolong the trend of equity new issuance over the better part of the next few years." He adds that the current level of the stock market means that "companies which considered equity last year are now making it a serious priority at board level".

This substitution of equity for debt is a normal phenomenon which regularly takes place at this point in the economic cycle, although the sheer scale of the move towards debt in the 1980s may give added weight now to the swing back to equities. After all, 1991 was the first time in eight years that US companies issued more stock than they retired.

Argues Mr Ryan: "There was such an extended period in the 1980s, when debt was king, that the current [equity] cycle is going to be magnified on the upside, just to get back to a bit of equilibrium."

The surge in corporate debt issues has been a corollary of declining US interest rates, as companies have called in higher-priced bonds and issued new ones with lower rates. The belief that interest rates are near the bottom of the cycle, with perhaps one more Fed easing before monetary policy turns harder, has also been encouraging companies to bring forward future funding needs from the second half of this year.

A big dilemma facing treasurers is whether to concentrate debt in cheap short-term instruments, such as commercial paper or move up the yield curve and issue more expensive, but much longer-term, bonds in the belief that long-term rates may not be this low again for many years.

Says Morgan Stanley's Mr Bob Scott: "Yields on US Treasury securities are at their lowest for about 12 years and companies have reason to assume that interest rates over the next 10 years will be higher than now."

Halifax launches biggest issue by UK mutual

By Simon London

HALIFAX Building Society yesterday launched the largest capital-raising issue by a mutual savings institution in the bond market, although it paid a higher price than originally envisaged for the funds.

The issue of £100m permanent interest bearing shares (Pibs), the deeply subordinated capital instruments approved by the Building Societies Commission last summer, was priced to yield 275 basis points more than long-dated UK government bonds.

Halifax first announced its intention to issue Pibs last autumn, arguing that it should pay 230 to 250 basis points over UK government securities.

The paper launched yesterday, but largely pre-placed with UK institutional investors by Warburg Securities, carries a semi-annual coupon of 12 per cent and was priced at 100.28.

The cost of capital for the Halifax is still substantially less than for smaller building societies. For example, the next largest issue, a £75m deal by the Leeds Permanent, currently trades at a yield 335 basis points more than UK government bonds.

The pricing of this and earlier Pibs issues partly reflects concern among investors over the long-term credit quality of building societies. Falling property prices and rising mortgage defaults have hit profitability and forced the takeover of some smaller institutions by their larger competitors.

Halifax is the largest UK building society and carries a Aa1/AA credit rating for senior debt from Moody's and Standard & Poor's, the US credit ratings agencies. This is two notches higher than the next best credits in the sector.

However, Pibs carry no maturity date and are deeply subordinated, ranking even below depositors' funds held in share accounts in the event of winding up. Interest payments can be suspended if the issuer runs into trouble, hence the instrument can absorb losses in the manner of equity.

Yesterday's issue was made in large denominations of £50,000 and was aimed primarily at institutional investors. Some other recent issues have been made in denominations as low as £1,000 in an effort to attract more retail investors. However, Warburg commented that buyers included some stockbrokers on behalf of wealthy private individuals.

Midwest SE and Ericsson link up

THE Midwest Stock Exchange, the third largest US equities market, and Ericsson, the Swedish telecommunications company, have signed an agreement to co-operate on selling trading, clearance, settlement and back office systems, writes Barbara Durr in Chicago.

The MSE will market the communications systems to exchanges and brokerages worldwide and Ericsson will participate by providing hardware, software and expertise to suit MSE's offerings.

The agreement provides Ericsson with an opportunity to focus further on the financial services industry.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday January 23 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Jan 22 Index No.	Tue Jan 21 Index No.	Mon Jan 20 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (178)	781.57	......	8.71	6.15	14.67	0.19	781.65	786.56	787.02	697.97
2	Building Materials (23)	942.99	-0.6	7.38	6.60	18.35	0.00	948.49	958.63	957.37	962.37
3	Contracting, Construction (29)	861.58	-0.2	9.26	8.61	15.56	0.00	863.61	870.62	872.91	1072.95
4	Electricals (7)	2505.71	-0.1	9.91	5.99	12.69	0.00	2507.41	2507.57	2504.26	1868.32
5	Electronics (26)	1720.32	-0.7	10.71	4.99	11.83	0.41	1731.72	1737.93	1723.91	1549.98
6	Engineering-Aerospace (8)	334.31	+1.0	16.15	7.77	7.54	0.00	330.99	333.51	338.07	386.87
7	Engineering-General (43)	485.56	......	9.86	5.10	12.50	0.84	485.53	486.58	485.04	341.45
8	Metals and Metal Forming (10)	326.09	+0.3	2.14	10.65	-	0.00	325.11	329.13	330.00	392.29
9	Motors (13)	300.00	+0.7	8.51	7.95	15.62	0.00	297.89	298.37	299.33	272.14
10	Other Industrial Materials (19)	1615.32	+0.3	7.45	5.08	15.96	0.00	1610.48	1620.91	1626.83	1204.31
21	CONSUMER GROUP (188)	1628.62	+0.2	7.16	3.39	17.20	1.53	1624.70	1633.01	1631.62	1206.81
22	Brewers and Distillers (23)	2055.45	......	8.10	3.45	14.98	7.92	2056.62	2059.84	2056.02	1531.79
25	Food Manufacturing (18)	1223.51	-0.1	8.81	4.15	14.02	1.03	1224.78	1233.04	1233.96	1038.07
26	Food Retailing (17)	2434.01	-0.5	9.08	3.41	14.31	0.39	2445.64	2453.96	2442.04	2386.23
27	Health and Household (24)	4434.50	+0.6	5.12	2.20	22.38	0.35	4406.02	4445.69	4454.65	2524.70
29	Hotels and Leisure (24)	1268.60	+0.2	7.87	5.29	15.71	0.00	1265.68	1267.51	1265.92	1089.00
30	Media (23)	1462.02	+0.8	6.62	3.67	18.93	0.91	1450.87	1455.50	1445.40	1183.27
31	Packaging, Paper & Printing (17)	751.85	+0.5	7.04	4.41	17.21	0.00	748.40	752.11	749.31	501.33
34	Stores (32)	1005.02	+0.3	7.30	3.70	18.14	0.23	1001.85	1006.44	1005.89	782.89
35	Textiles (10)	611.24	-0.2	7.53	5.06	16.95	0.00	612.22	615.23	618.67	399.78
40	OTHER GROUPS (115)	1197.12	+0.3	10.12	5.56	12.45	5.01	1193.50	1201.08	1207.80	990.61
41	Business Services (16)	1386.02	-0.8	7.24	4.73	17.56	0.00	1396.62	1423.72	1415.20	952.07
42	Chemicals (21)	1457.60	......	6.93	5.02	17.84	0.19	1457.30	1465.59	1461.13	1044.64
43	Conglomerates (11)	1340.70	......	11.23	7.74	10.81	0.10	1340.06	1343.07	1354.86	1246.44
44	Transport (14)	2435.67	+0.6	5.27	4.64	25.00	0.00	2422.06	2437.63	2428.40	1743.61
45	Electricity (16)	1144.20	-0.5	15.85	6.50	8.21	11.22	1149.65	1156.99	1176.36	1048.42
46	Telephone Networks(4)	1359.04	+1.1	11.55	4.61	11.31	15.96	1344.43	1356.11	1372.38	1134.54
47	Water(10)	2254.74	+1.4	18.93	7.05	5.82	0.00	2224.32	2242.78	2235.78	2319.80
48	Miscellaneous (23)	1802.08	-0.2	5.52	5.43	24.92	0.00	1805.46	1805.76	1817.32	1523.96
49	INDUSTRIAL GROUP (481)	1278.15	+0.2	8.34	4.55	14.99	2.32	1275.40	1282.67	1284.45	1015.66
51	Oil & Gas (19)	2176.50	+0.1	11.76	6.44	11.25	0.00	2173.39	2203.23	2198.50	2114.25
59	500 SHARE INDEX (500)	1358.54	+0.2	8.73	4.76	14.45	2.19	1355.72	1364.67	1366.02	1107.31
61	FINANCIAL GROUP (87)	723.37	-0.8	-	6.44	-	0.00	729.16	737.45	736.85	694.30
62	Banks (9)	865.31	-1.4	4.44	6.14	45.81	0.00	877.67	889.13	885.18	742.33
65	Insurance (Life) (6)	1434.28	+0.3	-	5.96	-	0.00	1430.33	1440.63	1467.86	1250.84
66	Insurance (Composite) (7)	508.10	-1.2	-	8.58	-	0.00	514.32	521.31	518.48	606.61
67	Insurance (Brokers) (10)	1020.75	+0.3	7.58	6.54	17.37	0.00	1017.19	1021.46	1016.91	956.15
68	Merchant Banks (7)	458.52	-0.9	-	4.67	-	0.00	462.60	461.98	460.63	333.37
69	Property (34)	785.38	......	6.99	5.89	20.38	0.00	785.05	798.64	799.69	937.14
70	*Other Financial (14)*	*240.38*	*-0.2*	*11.10*	*7.43*	*11.37*	*0.00*	*240.91*	*240.95*	*239.50*	*237.85*
71	Investment Trusts (68)	1184.45	-0.3	-	3.68	-	0.38	1187.52	1194.08	1192.01	963.44
99	ALL-SHARE INDEX (655)	1207.29	+0.1	-	4.93	-	1.67	1206.38	1215.00	1215.84	1004.96

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 22	Jan 21	Jan 20	Jan 17	Jan 16	Year ago
FT-SE 100 SHARE INDEX‡	2525.3	+3.3	2537.2	2522.6	2522.0	2543.4	2544.9	2536.7	2541.6	2099.3

FIXED INTEREST

	PRICE INDICES	Thu Jan 23	Day's change %	Wed Jan 22	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	121.80	+0.06	121.72	1.70	0.93
2	5-15 years (27)	136.48	+0.09	136.36	2.17	1.15
3	Over 15 years (8)	147.07	+0.06	146.98	2.32	0.00
4	Irredeemables (6)	162.29	-0.10	162.44	2.16	0.00
5	All stocks (67)	134.31	+0.08	134.21	2.04	0.97
	Index-Linked					
6	Up to 5 years (2)	168.91	+0.24	168.50	1.15	0.00
7	Over 5 years (9)	149.33	+0.27	148.94	0.40	0.63
8	All stocks (11)	150.90	+0.26	150.50	0.50	0.54
9	Debs & Loans (62)	117.30	-0.03	117.33	2.85	0.09

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 23	Wed Jan 22	Year ago (approx.)
	British Government				
1	Low	5 years	8.76	8.77	9.80
2	Coupons	15 years	9.22	9.21	9.81
3	(0%-7¾%)	20 years	9.22	9.21	9.81
4	Medium	5 years	9.56	9.57	10.60
5	Coupons	15 years	9.30	9.31	10.12
6	(8%-10¾%)	20 years	9.25	9.26	10.00
7	High	5 years	9.80	9.81	10.73
8	Coupons	15 years	9.39	9.39	10.26
9	(11%-)	20 years	9.31	9.31	10.07
10	Irredeemables		9.43	9.42	10.08
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.86	3.92	3.75
12	Inflation rate 5%	Over 5 yrs.	4.28	4.29	4.15
13	Inflation rate 10%	Up to 5 yrs.	3.18	3.24	2.34
14	Inflation rate 10%	Over 5 yrs.	4.09	4.11	3.96
15	Debs &	5 years	11.05	11.04	12.49
16	Loans	15 years	10.82	10.81	12.17
17		25 years	10.64	10.63	11.88

‡Opening index 2531.4; 9 am 2526.4; 10 am 2531.8; 11 am 2536.9; Noon 2531.5; 1 pm 2529.2; 2 pm 2524.3; 2.30 pm 2524.7; 3 pm 2525.2; 4.10 pm 2526.9; (a) 10.52am (b) 3.23pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	51	5	25
Other Fixed Interest	8	1	9
Commercial, Industrial	277	242	966
Financial & Property	96	130	567
Oil & Gas	16	17	58
Plantations	0	1	8
Mines	18	29	105
Others	67	26	40
Totals	533	451	1,778

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
43	Nil	6/2	11½pm	7pm	Airbreak Leisure 5p	11pm	+4
220	Nil	26/2	27pm	13pm	Beales Hunter 20p	17pm	
235	Nil	27/1	32pm	11pm	Hartstone	31pm	
415	Nil	28/2	127pm	100pm	Northern Foods	120pm	+9

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. m Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Jan. 20
- Last Dealings Jan. 31
- Last Declarations Apr. 23
- For settlement May 5

3-month call rate indications are shown on this page.

Calls in: Airbreak, Danbury, Flextech, Ibstock, Invernia, Lloyd Thompson, Psion, Premier, Transfer Tech. & Usborne. **Puts & Calls:** Flextech & Transfer Tech. **Calls & Puts:** Applied Holographic & Next.

LONDON TRADED OPTIONS

[illegible]

January 23 Total Contracts 26,293
Calls 16,141 Puts 10,152
FT-SE Index Calls 1,013 Puts 4,820
Euro FT-SE Calls 2,120 Puts 654
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	**OILS**	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	4½	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	60	FKI	5½	Lonhro	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	18	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tusker Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	78	**MINES**	
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

UK COMPANY NEWS

Bass chief warns about the costs of rationalisation

By Philip Rawstorne

MR IAN Prosser, chairman of Bass, the UK's leading brewer, warned shareholders at yesterday's annual meeting that rationalisation measures would involve further exceptional charges against profits.

The group has already announced that it is to close breweries at Edinburgh and Sheffield. The meeting was told that the group was aggressively reducing its cost base and that this action was "essential to strengthen further our market position amid intensifying price and brand competition."

Mr Prosser said beer sales to the free trade in the October-December quarter had increased by more than 10 per cent, with a particularly strong performance in the take-home trade. Total beer volumes were only 0.5 per cent down, having benefited from an increase of nearly 5 per cent in the final four weeks of December.

"We believe this means that our market share gains have continued in the new financial year," he said.

Christmas trade in the group's pubs had been "more encouraging" than in the preceding weeks but beer volume per pub was 9 per cent below last year with a consequent loss of high marginal profitability.

Another 389 pubs were sold during the quarter, fetching £69m and bringing the total sold to 1,899 against a disposal target of 2,740. New leases had been signed or agreed for 540 of the leased estate's 1,229 pubs.

Mr Prosser said that in the Holiday Inn business, economic conditions in some parts of the US had continued to affect occupancies in company managed hotels but this had been almost offset by increased room rates.

US franchise hotels' occupancy rates were similar to those in the same period last year.

'Strategic move' by T&N with east German buy

By John Griffiths

T&N, the motor UK components and engineering group, is buying a bearing manufacturer in the former east Germany.

The acquisition, through the Treuhand privatisation agency, is small in financial terms – £2m – but was described by Mr Colin Hope, T&N's chairman, as "an important strategic move at little capital cost. The extra sales potential is considerable".

T&N will acquire the site, production equipment and inventory of Gleitlagerwerk Osterwieck, based 50 miles from Hanover.

The venture is being renamed Glacier Vandervell (Osterwieck) to identify it with T&N's long established Vandervell and Glacier bearings and bushes subsidiaries.

Initially the venture is employing 186 people. Its main customer is Volkswagen, already assembling cars from kits at the former Trabant plant at Mosel, near Zwickau, and which is setting up a new factory there to produce Golfs.

Gleitlagerwerk, which has been a Glacier licensee, also makes a range of after-market parts for east European automotive and industrial bearing applications.

The acquisition forms one of what is expected to be a string of such acquisitions in the region, as T&N seeks to establish a firm foothold in growing east European markets.

In June, T&N became the first British company to acquire a controlling stake in a Czech company offered for privatisation by the Czech government when it invested in Osinek, the sole Czech producer of automotive brake and friction products.

Burton cautious on 1992 outlook

By John Thornhill

SIR JOHN Hoskyns, chairman of Burton Group, yesterday told the clothing company's shareholders that he remained "extremely cautious about the economic outlook for 1992".

Speaking at the annual meeting, Sir John said Burton had "witnessed the deepest recession in retailing since the war at the same time as a collapse in the property market".

But he said sales growth had been re-established in the current financial year. Stripped of the increase in VAT, sales were running 1 per cent ahead of the previous year.

Trade had been very poor at the beginning of the financial year but had picked up over the crucial Christmas period showing a 5 per cent improvement in the five weeks from the beginning of December.

He added, however, that the increase in sales had been bought at the expense of some erosion on gross margin as a result of an extensive discounting campaign.

Analysts suggested that sales were still showing a like-for-like decline once the contribution from additional trading space had been stripped out and warned that the company's discounting promotions might backfire.

"My concern is that Burton has set a precedent with the discounting. Customers will find it unpalatable when they try to restore prices to the full margin. Some of their retail brands have passed their expiry date," said Ms Julie Ramshaw, retailing analyst at Morgan Stanley, the US investment bank.

Burton's shares closed 2p lower yesterday at 35½p.

Sir John yesterday headed a much-changed board as four directors had left and seven joined since the previous annual meeting.

The company's £161m rights issue in August had cut year-end debt from 62 per cent to 43 per cent and Burton subsequently sold the Harvey Nichols department store for £60m and the leasehold of 214 Oxford Street for £51m.

Weakening oil prices hold BP over the barrel

Deborah Hargreaves on the pressures behind the oil producer's cost-cutting campaign

BRITISH Petroleum is poised to make substantial job cuts in its group headquarters staff as part of a cost-cutting drive.

The move follows announcements late last year that the company is seeking redundancies in its chemicals and research and development divisions.

The expected staff cuts come as the company is preparing to announce on February 13 its results for the fourth quarter ended December. They are likely to be the worst quarterly figures for years. If the trend continues, BP could report a loss for the current first quarter, its first such deficit.

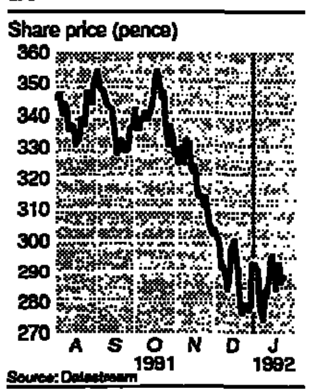
BP has been cutting jobs across the company as part of a cost reduction campaign initiated by Mr Bob Horton, chairman. But it has come under further financial pressure in the past few months as oil prices have weakened and show few signs of picking up for much of this year.

"We are looking at a number of actions this year in view of the oil price and redundancies are among them," the company said. "We are also looking at consolidating all of the headquarters staff in the Finsbury Circus building [BP's new HQ] and which activities can be done outside of the company."

Among the world's big oil companies, BP is one of the most exposed to fluctuations in the oil price. Mr Horton has said in the past that every $1 a barrel increase in world oil prices adds £200m to the bottom line.

Oil prices have fallen almost $5 a barrel since November and look like remaining at current levels of about $18 a barrel as the industry moves into the traditionally weak spring period.

BP



Source: Datastream

"The trouble for BP is that their whole strategy is based on the oil price moving to $25 a barrel by the second half of the 1990s," said Mr Fergus McLeod, oil industry analyst at County NatWest in Edinburgh, "and that is now looking increasingly unlikely."

The weakness of the dollar against sterling has combined with the low oil price to make an even more dismal picture for BP's finances. The company sees most of its revenue in dollars, but faces rising sterling costs for North Sea operations. Sterling oil prices now stand at about £10 a barrel while the level for most North Sea operations to show a profit is £2 higher.

With few signs of a rise in the oil price, Mr McLeod has cut his earnings estimate for BP this year by 48 per cent to £590m, based on an oil price forecast of $18 a barrel. The shares have fallen from more than 350p in October to yesterday's closing level of 288½p.

The company's chemicals operations are looking to make cost-savings of some $150m (£83m) in the next two years and part of this will be achieved by a programme of redundancies.

Similarly, BP Oil, the group's refining and marketing division, plans to save a like amount by the end of this year as part of a two-year programme which saw it reduce outgoings by $60m to the end of last year.

Against this austere background, Mr Horton is finding that an expensive corporate staff of some 1,400 is becoming a heavy burden in spite of halving the headquarters' workforce in 1990 when more than 1,000 jobs were cut.

BP is negotiating 400 job cuts among the 2,000 staff that work at its Sunbury research and development centre just outside London. It has launched a programme of voluntary redundancy in its chemicals division which fell into the red for the first time in 10 years in the middle of last year, amid a long-term downturn in the world chemicals business.

In addition the company is rumoured to be considering job reductions and even the possible closure of its Glasgow office, which employs several thousand staff, as the centre of its European exploration activities.

Low prices could push the debt-to-equity ratio higher than its current 78 per cent to 97 per cent by the year end, according to County NatWest.

Ashley Ashwood

Bob Horton: staff costs becoming a heavy burden

Cuts in cash flow could force the company to constrain capital expenditure and phase in some developments rather than invest too much up front.

Morgan Stanley, the US investment bank, estimates that BP will report earnings from operations as low as £48m for the final quarter of last year, although this could be doubled by gains from asset sales. This compares with income of £456m in the fourth quarter of 1990, which received a boost from high oil prices at the onset of the Gulf conflict.

In addition, the City has been revising downwards its forecasts for BP's earnings for the full year to below £1bn – a drop of between 15 and 20 per cent on 1990's level.

BP earns 60 per cent of its revenues from crude oil production and suffers when prices are low. This year, the recession means that its chemicals and refining divisions will be equally hard-hit and not able to offset losses from lower crude prices.

Park Food forecasts substantial upturn

By Gary Mead, Marketing Correspondent

PARK FOOD GROUP reported record sales of food and drinks hampers for 1991 and forecast substantially higher pre-tax profits for the full year to March 31.

The statement accompanied interim results for the seasonally unfavourable six months to September 30 which showed a loss of £4.39m, against a loss of £4.51m for the same period in 1990.

Turnover was £15.7m, against £20.3m last time.

An interim deficit is usual for the group due to the seasonality of its Christmas hamper business.

Turnover for the last full year, to March 31 1991, was £119.6m with pre-tax profits amounting to £3.99m.

The interim dividend is lifted to 5p (2.3p); directors anticipate a final distribution of not less than 8p.

Mr Peter Johnson, chairman, attributed the company's success to the fact that "we have increased the number of our agents, average member spend has increased substantially, and we are buying far more efficiently."

He added that orders for next Christmas were already "showing significant increases over last year", and he believed that results for March 1993 would show a further significant improvement.

The group has recently returned to its original core business of hampers, sold through a nationwide network of of more than 64,000 agents, following the disposal last June of its loss-making drinks division and of its frozen food distribution branch in December.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Osprey Communications, Wintrust.
Finals- Cardiff Property, City Site Estates, Eurocopy.

FUTURE DATES

Interims-	
Davies (DY)	Jan 30
Dyson (J&J)	Jan 31
Huntingdon Intl	Jan 29
Kleinwort High Income	Jan 28
Finals-	
BSG Intl	Mar 19
Continental Assets Trust	Jan 30
Dale Simpson	Jan 31
European Assets Trust	Jan. 31
Gaskell	Mar. 31
Temple Bar Inv Trust	Feb. 18

NEWS DIGEST

Hill & Smith dips 9%

HILL & Smith Holdings, the West Midlands-based steel stockholder and fabricator, saw its pre-tax profits fall by some 9 per cent to £4.64m over the 12 months to end-September.

The fall from the previous year's £5.12m came despite turnover ahead 5 per cent to £75.8m.

Nevertheless, Mr John Silk, chairman, described the outcome as "good results in the current UK economic climate". The group's steel stockholding and drop forging activities "struggled for market share in a climate of falling margins", but other group businesses performed well, he said.

Reflecting a property revaluation during the year, shareholders' funds jumped 41 per cent to £29m. Gearing fell from 32 per cent to 14 per cent.

Earnings per share emerged at 12.29p (13.06p); a recommended final dividend of 3.9p brings the total for the year to 6p (5.7p).

Albrighton makes further disposal

In a further move in its financial restructuring, Albrighton, the USM-quoted building products group, has sold Transplastix, its architectural glazing subsidiary, for £2.3m cash.

The buyer is Yule Catto, the chemicals and building products group. Transplastix's profits before interest and management charges were £1.01m in the year to March 31 1991; net assets amounted to £1.45m.

Recently Albrighton has sold Frank England, Triad Timber Components, Lovells Confectionery and Insuwall – all to reduce group indebtedness.

Mitie rises 53% and makes purchase

Mitie Group, the building services company, reported interim pre-tax profits ahead 53 per cent and is making a further acquisition.

It is acquiring 58 per cent of Trident Maintenance Services for £400,000, satisfied by the issue of 242,000 shares which have been placed at 165p. Mitie is placing a further 248,000 shares at the same price to go towards buying a property in Southampton for £465,000.

The balance of Trident is held by its four directors who will be able to sell their interests to Mitie at specified times up to October 31 1999. The profit-related consideration would result in a maximum total price of £2.5m.

Pre-tax profits for the six months to September 30 were £726,000 (£474,000) on turnover up 28 per cent at £22.2m (£17.3m). Earnings per share were 5.1p (4.9p). The interim dividend is raised to 1.25p (1p).

Avon Rubber in joint venture

Avon Rubber has formed a joint venture company with S&H Fabricating and Engineering of the US to design and manufacture hose and coupling assemblies for air conditioning systems used in the European automotive industry.

The new company, Avon S&H, will be based in Melksham, Wiltshire, and will be 51 per cent-owned by Avon and 49 per cent by S&H.

Denmans ahead in spite of sales decline

In spite of a small, recession-induced decline in sales Denmans Electrical, the USM-quoted electrical goods wholesaler, increased pre-tax profits from £1.22m to £1.26m in the year to September 30.

Turnover slipped to £34.5m (£35.1m) and operating profits were lower at £1.52m (£1.63m). However, interest charges were reduced sharply to £263,000 (£410,000), impacting favourably on the pre-tax line.

The proposed final dividend is lifted to 4.2p for a total of 5.85p (5.65p) and is payable on earnings down slightly at 18.75p (18.86p) per share.

Wm Ransom 7% higher at £0.25m

A small rise in turnover coupled with control of costs helped William Ransom & Son, the Hertfordshire-based manufacturing chemist, increase interim pre-tax profits by 7 per cent from £235,000 to £251,000.

The company said that sales for the third quarter showed a considerable increase on the comparable period.

Turnover in the six months to September 30 was £3.17m (£2.99m). Earnings per share were 1.16p (1p) and the interim dividend is unchanged at 0.525p.

Derby Trust net asset value ahead

Derby Trust reported net asset value per capital share of 343p at December 31 compared with 304p a year earlier.

Net revenue for 1991 was £2.18m (£2.08m) for earnings per income share of 18.43p (17.65p). A second interim dividend of 10.0919p is declared for a total of 18.4348p (17.653p).

Gross revenue was ahead at £3.27m (£3.16m).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 24.01.92: Pool purchase price £/MWh	Final Prices for Trading on 27.12.91: Pool purchase price £/MWh	Final Prices for Trading on 27.12.91: Pool selling price £/MWh
0030	17.17	17.19	17.19
0100	17.20	19.76	21.40
0130	17.98	19.76	21.39
0200	17.98	19.76	21.38
0230	17.20	19.76	21.37
0300	17.20	19.76	21.37
0330	17.20	19.76	21.36
0400	17.19	18.72	20.29
0430	17.19	17.10	17.10
0500	17.18	17.08	17.08
0530	17.20	17.03	17.03
0600	17.20	16.99	16.99
0630	17.20	16.99	16.99
0700	17.57	16.99	16.99
0730	21.74	17.02	17.02
0800	24.51	17.02	17.02
0830	26.17	17.06	17.06
0900	27.38	17.09	17.09
0930	33.11	18.74	20.34
1000	32.32	18.34	19.93
1030	31.13	18.97	20.59
1100	23.97	18.97	20.59
1130	23.82	18.97	20.58
1200	23.54	18.97	20.59
1230	22.95	18.97	20.58
1300	22.12	18.74	20.33
1330	20.26	18.40	19.97
1400	19.37	17.11	17.11
1430	19.27	17.08	17.08
1500	17.60	17.07	17.07
1530	17.49	17.08	17.08
1600	17.51	17.18	17.18
1630	20.59	20.00	21.81
1700	38.77	20.99	22.63
1730	46.40	20.99	22.62
1800	47.86	20.99	22.62
1830	36.34	20.99	22.63
1900	28.98	20.42	22.03
1930	22.94	20.42	22.04
2000	21.86	20.42	22.04
2030	19.20	20.07	21.69
2100	19.05	19.63	21.23
2130	17.56	19.63	21.23
2200	17.47	18.95	20.53
2230	17.19	18.34	19.90
2300	17.16	17.08	17.08
2330	17.13	17.05	17.05
2400	17.13	17.05	17.05

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

BSkyB and UIP settle row caused by $800m deal

By Raymond Snoddy

UNITED International Pictures, the distributor for three Hollywood studios and British Sky Broadcasting, the satellite television company, yesterday announced that they had settled all their legal differences.

In what could have become a messy and expensive series of law suits, BSkyB decided to try to overturn an $800m (£442m) movie rights deal it signed with UIP in 1988.

BSkyB, a venture in which Pearson, the owner of the Financial Times, has a significant stake, claimed that the UIP joint venture for distribution and licensing of pay TV rights was anti-competitive and in breach of the Treaty of Rome.

BSkyB also issued a writ in London seeking damages of more than £150m.

In October UIP went on the offensive and announced it was beginning legal action to try to break up BSkyB, which was formed from the merger of British Satellite Broadcasting and Sky Television.

UIP argued that the satellite company was an anti-competitive cartel.

Yesterday all the litigation was called off, apparently without any money changing hands:

- The legal proceedings between BSkyB and UIP in the High Court are being brought to an end;
- UIP has withdrawn its case against BSkyB's shareholders over the merger;
- BSkyB is withdrawing its complaint to the European Commission against UIP.

The rows between the satellite broadcaster and one of the most powerful of Hollywood's film groupings largely grew out of BSkyB's pressing need to renegotiate film deals entered into at a time when BSB and Sky were competing desperately against each other.

BSkyB now has a deal on a long-term basis to show films from the UIP studios – Paramount, MCA and MGM-Pathe – on both of its subscription film channels.

Film channel subscriptions are the financial heart of the BSkyB business.

Both sides made the following statement yesterday: "UIP and BSkyB are satisfied that the new deal is fair to each of the parties and good for the consumer."

The UK satellite company now has revised deals with all of the Hollywood studios, apart from Warner Bros, the Time Warner subsidiary where talks are continuing.

BSkyB is expected to break even on an operational basis later this year.

In the last three months new satellite dish installation in the UK has been above 100,000 a month.

Amicable Smaller seeks £33.5m

By Philip Coggan, Personal Finance Editor

AMICABLE SMALLER Enterprise Trust is attempting to raise up to £33.5m, after expenses, via an offer for subscription on the main market.

It is the second investment trust launch over the past week to concentrate on smaller company shares.

Hoare Govett's annual report on its smaller companies index, published yesterday, showed that smaller company shares have outperformed the FT-A All-Share Index since 1955 by an annual average of 4.5 per cent.

However, smaller company shares have been badly hit by high interest rates and the UK economic recession, and have underperformed the All-Share over each of the past three years.

The directors believe that smaller companies are due for a revival and will invest in stocks among the smallest 10 per cent, by market capitalisation, on the UK market.

A maximum of 35m shares, and a minimum of 20m, are being offered at 100p each with warrants attached on a 1-for-5 basis. The warrants confer the right to subscribe for one ordinary share at 100p in the years 1993 to 2000.

The warrants, together with the limited 10 year life of the trust, are designed to limit the discount to net assets at which the shares trade after flotation.

Scottish Amicable, which is managing the trust, is expecting an annualised yield on the shares of about 5 per cent. The management fee is 0.1875 per cent of the assets, payable quarterly.

Allied Provincial Securities has undertaken to subscribe or procure subscribers for 17m ordinary shares, with warrants.

Minimum application for shares in the trust, which is suitable for inclusion within a personal equity plan in both 1991-92 and 1992-93, is for 500 shares. The deadline for applications is February 26 and dealings are expected to start on March 5.

See Lex

Lonrho shareholders' funds fall to £1.33bn

By Roland Rudd

LONRHO, the international trading group, suffered last year from its exposed asset position in Africa. In the year to September 30 1991 shareholders' funds, excluding minority interests, fell by £53m to £1.33bn.

Mr Philip Tarsh, a director, said yesterday that one of the main reasons for the fall was the continued appreciation of sterling against the South African rand and Kenyan shilling.

Thus exchange movements through balance sheet reserves increased by £40m to £209m. Lonrho has now suffered a cumulative adverse movement through reserves over the last six years of £695m.

In the past Lonrho has been able to mitigate their effects by revaluing part of the asset base. Over the same period revaluations have added a total of £882m, the 1990 increase being £93m.

However, Mr Tarsh said the group did not believe it would be prudent to revalue freehold and leasehold properties in the middle of a recession, thus there was no addition to the revaluation reserve in 1991.

Net debt increased from £936m to £1.1bn over the year but it was less than some commentators feared and gearing stands at 73 per cent.

Some analysts have voiced concern that it could be misleading to net off cash against debt when cash is held in soft currencies and debt in hard ones. However, Mr Tarsh pointed out that 87 per cent of the group's cash balances of more than £280m was held in bank accounts in Europe and the US.

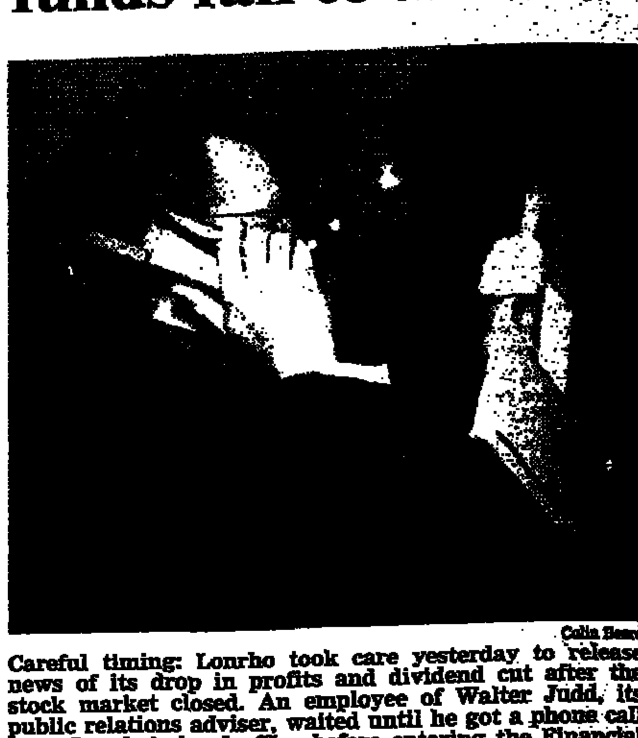
Turnover for the year fell from £5.4bn to £4.8bn. Earnings per share declined from 23.6p to 14.2p and the total dividend is lower at 13p (16p) with a proposed final dividend of 5p (8p).

Mr Tarsh said that debt would continue to fall. The sale of Lonrho's 50 per cent stake in Kühne & Nagel, the German freight forwarder was part of a wide-ranging review of assets which started eight months ago.

Any asset which was earning less than Lonrho could get if its value was put on deposit and earning interest is to be sold. The group said it had already drawn up a list of potential disposals.

The programme of disposals is not surprising. In 1986, when gearing rose to 90 per cent, the group reduced the figure the following year by selling the Metropole Casino Group and News (UK) to raise a total of £130m.

Capital expenditure, which has been rising over the past few years, has fallen from 1990's £250m. Due to the high rates of taxation of South African profits and the reliefs available for capital spending Lonrho has continued to spend significant sums there.



Colin Beere

Careful timing: Lonrho took care yesterday to release news of its drop in profits and dividend cut after the stock market closed. An employee of Walter Judd, its public relations adviser, waited until he got a phone call from Lonrho's head office before entering the Financial Times at 4.31pm precisely.

Defence costs Macarthy £3m

By Michiyo Nakamoto

COSTS OF £3.12m were incurred by Macarthy, the retailer and pharmaceutical manufacturer, in defending itself against three separate bids last year. The amount was included in a £3.26m extraordinary charge for the year to September 28.

The sum compared with pretax profits of £5.31m (£4.61m), a rise of 15 per cent, at the higher end of City forecasts.

The company faced bids from Lloyds Chemists, the chemists chain, UniChem, the pharmaceuticals wholesaler and Grampian, the Scottish mini-conglomerate. The first two were referred to the Monopolies and Mergers Commission, on which decisions are still waited, while Grampian's bid attracted only an 11 per cent take up.

Mr Ian Parsons, chief executive, said that profits rose in spite of the group being in various discussions with potential bidders during almost all of the second half.

Earnings per share were 13.8p (11.6p). Macarthy is proposing a 33 per cent cut in the final dividend to 5p (7.5p) for a total 20 per cent down at 10p (12.5p).

Mr Parsons said that the 1990 dividend had been based on an assumption that the economy would recover. The reduced dividend provided for cover of 1.4 times.

Turnover for the year fell from £372.6m to £206.5m after the disposal of the pharmaceutical wholesale business. Sales for continuing businesses rose by 6 per cent.

Its over-the-counter retailing business and the retail health-food business both suffered from the downturn in spending as the UK recession deepened.

The veterinary products division increased sales by 11 per cent and turned a £164,000 loss into an operating profit of £580,000.

Pharmaceutical products also put in a resilient performance with operating profits up 41 per cent to £3.7m (£2.6m).

Steps had been taken to reduce costs by several hundred thousand pounds, including some redundancies. Borrowings of £16m at the year end give gearing of 60 per cent.

COMMENT

Uncertainty, high costs and a damaging effect on staff morale, not to mention the impact on business plans, can all be pointed to as adverse effects on Macarthy of last year's series of bids. But on the brighter side, all the attention from its suitors may have been the necessary trigger to spur the company into getting its house in order. Macarthy itself admits that the previous dividend was based on overly optimistic assumptions, but the decision to cut the dividend this year must have taken some serious talking, not to mention courage, particularly as Macarthy is, in effect, still in a bid situation. That decision seems sensible, given the group's uncomfortably high gearing. Forecast pre-tax profits of £6.5m this year, makes for a prospective multiple of nearly 17, which is high, unless bid activity is revived. Given that, based on fundamentals, a more appropriate multiple would be about 12, it seems worth waiting for the MMC to make up its mind.

DC Cook falls 69% but restores dividend

By Peggy Hollinger

DC COOK Holdings, the USM-quoted motor dealer and property developer, yesterday announced the resumption of its interim dividend in spite of a 69 per cent decline to £107,000 in pre-tax profits.

Mr Derek Cook, the chairman whose family controls 40 per cent of the company, said he expected the full-year dividend to be increased in light of the group's confidence over trading in the second half. "A profit for the year is almost certain," he said.

The interim distribution was restored at 0.2p.

The £233,000 costs of establishing operations in Spain were responsible for virtually all of the profit fall in the six months to October 31. Turnover slipped from £63.7m to £56.9m.

The motor division, which recorded losses last year, had been turned round to show an £810,000 profit in the first half. "The total motor division is profitable," Mr Cook said.

During the first half, DC Cook integrated the operation's three arms – retail, service and finance – resulting in substantial cost savings.

Mr Cook said new and used car sales had held steady, in spite of the generally depressed state of the UK new car market.

The property operation, which develops petrol stations for oil companies, recorded a loss of £470,000 in the first half. However, Mr Cook said the division would return a profit for the full year, since several contracts had been agreed in the last month.

The deregulation of the Spanish petrol sector provided significant opportunities for the group, Mr Cook said. "The major oil companies are desperate for sites," he added. In June, the company bought Norfolk Espana, a Spanish roadside developer, for a nominal sum and took on its £2m debt.

Interest charges fell from £1.7m to £1.13m, largely due to the £4.2m rights issue in October which cut gearing to about 70 per cent.

Fully diluted earnings per share tumbled from 1.19p to 0.33p.

Proteus losses rise to £1.27m

By Paul Abrahams

PROTEUS International, the start-up company specialising in computer-aided molecular modelling and rational drug design, reported a pre-tax loss of £1.27m for the six months to September 30.

Mr Kevin Gilmore, chairman, said development had continued on target. The balance sheet remained strong with £1.5m net cash on deposit at the end of December, following an 895,000 share issue in November which raised £1.23m.

The result compared with a loss of £520,000 for the five months to September 30 1990 and a £982,000 deficit for the six months to March 31 1991. Proteus was founded in May 1990.

The company's turnover was £2,000, following its decision not to market Prometheus, its proprietary software system. Mr Gilmore said the company had had difficulty providing support to licensees and had not wanted to sell off its most valuable asset for short-term cash flow considerations.

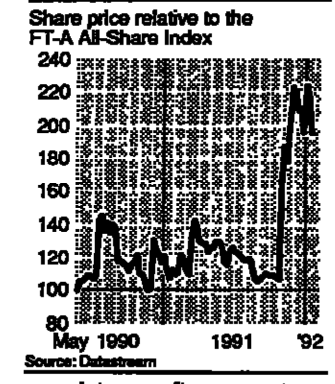
Mr Gilmore said there had been a substantial increase in workload during recent weeks representing progress beyond expectations. The company should start generating income this calendar year and reach profitability in 1993, he added. He warned, however, that the market was difficult to predict.

The most promising area, said Mr Gilmore, was the area of immunocastration which involves castration of domestic and farm animals through injections rather than surgery. An HIV serum designed by Proteus is under evaluation by Repligen Corporation in the US.

Losses per share were 5.92p compared with 2.44p for the period between May 14 1990 and September 30 1990. No dividend is declared.

Proteus International

Share price relative to the FT-A All-Share Index



Source: Datastream

26% advance for TSB Bank Scotland

By James Buxton

TSB Bank Scotland, the Scottish offshoot of TSB Group, raised pre-tax profits by 26 per cent to £76.9m in the year to October 31 1991.

Profits in Scotland thus grew faster than those of TSB's retail banking and insurance division, of which TSB Bank Scotland is part. The division's pre-tax profits, announced last week, rose 17 per cent to £413m.

TSB Bank Scotland's cost income ratio fell from 59.3 per cent to 52.6 per cent as a result of staff cuts and the removal of duplication. Those of the division fell from 68 per cent to 59 per cent.

The charge for bad and doubtful debts was £14.7m, against £5.9m. TSB Bank Scotland handles commercial lending, although large corporate customers are dealt with by TSB's Hill Samuel subsidiary which lost £419m last year.

Mr Charles Love, chief executive of TSB Bank Scotland, said it fared better than the division as a whole because of the better economic climate in Scotland, although that had worsened in the second half. Costs rose by only 4.6 per cent.

TSB Bank Scotland's pre-tax profits were better than Clydesdale Bank, the subsidiary of National Australia Bank which is TSB's nearest rival in size in Scotland. Clydesdale made £70m on assets of £5.1bn in the year to September 30. TSB Bank Scotland's assets were £2.85bn.

ABF chief dies

Mr Henry Jackson, a director of Associated British Foods and chief executive of its Allied Bakeries division, died in a car accident yesterday.

The division, encompassing Sunblest, Vitbe and other leading brands, is a large part of ABF and one of the largest UK bakers.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Contra-Cyclical ....int	2.25‡	Feb 28	-	-	-
Cook (DC) § ....int	0.2†	Apr 18	nil	-	1
Denmans Elect § .....fin	4.2	Mar 6	4	5.85	5.65
Derby Trust ....fin	10.092	Feb 28	9.805	18.435	17.653
Hill & Smith ....fin	3.9	Apr 7	3.75	6	5.7
Investors Cap ....int	1.275	Mar 9	1.25	-	5.05
Lonrho ....fin	5☆	Apr 6	8	13	15.7*
Macarthy ....fin	5	Apr 6	7.5	10†	12.5
Mitie ....int	1.25†	Apr 1	1	-	2
Park Food ....int	5	Mar 10	2.3	-	8
Ransom (Wm) ....int	0.525	Apr 2	0.525	-	1.694

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Making 6.75p to date. ☆Carries scrip option.

Lonrho's balance sheet is strong

Cash balances exceed £280 million

R W Rowland, Chief Executive

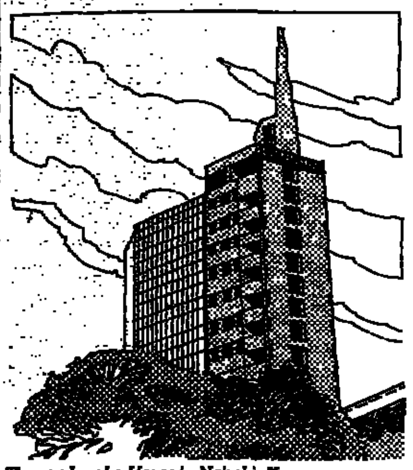
Dear Shareholder,

The Group's balance sheet is strong with shareholders' equity of £1.3 billion and cash balances of over £280 million, 87 per cent. of which is banked in Europe or the United States. Net borrowings remain at the level reported in the Interim Statement with gearing at 70 per cent.

Lonrho's current capital investment programme is winding down and borrowings will reduce during the year with a corresponding reduction in gearing. In addition, a selection of companies from the group of 800 will be carefully sold during what the Board sees as a year of good housekeeping.

By having the widest spread of assets in many countries, Lonrho hoped to avoid exposure to a recession in any particular economy or industry. The Gulf war brought world-wide economic consequences, bringing a strong decline to tourism, consumption, manufacturing, industry and oil. For example, the fall in precious metal prices accounts for nearly half of the reduction in Lonrho's profits in the second six months compared to last year and the rare industrial metal rhodium sold in 1990 at £2000 per ounce but is now £1000 per ounce. Your Company has been less profitable during the financial year, with a weak second half.

Despite it all, the year end result was £207 million profit before tax against £273 million last year, and Lonrho remains soundly based to move back to its normal pattern of turnover and profit.



The new Lonrho House in Nairobi, Kenya.

The production of platinum group metals and gold continues to be a major source of revenue for Lonrho, and 1991 saw another substantial uplift in production from the planned expansion at Western Platinum and Ashanti.

In Western Platinum, shareholders have, I believe, one of the world's great mines with a life of at least one hundred years, together with low-cost modern production methods. The sudden fall in platinum and rhodium prices is caused by world recession combined with destocking. The mining industry has weathered the effects of cyclical pricing time and time again.

At Ashanti in Ghana production is steadily increasing according to the programme which envisages a million ounces per annum in three years. Lonrho is in partnership with the Republic of Ghana in developing the Ashanti Mine and has enjoyed an exceptional degree of constructive support from the Government.

Across Africa, Lonrho maintains and improves its position as the largest food producer. The Company also raises beef cattle and ranches a total herd of 120,000 head. Unusually, the estates in Mozambique have to contend with unsettled local circumstances, and the Board offers its warm appreciation to those who continue to operate and produce with the knowledge of real physical risk.

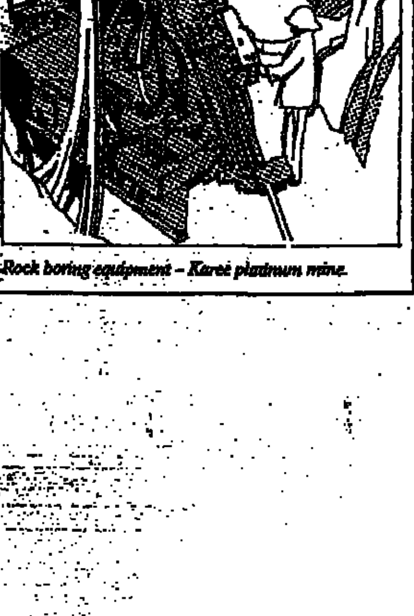
Gold bullion bars—Ashanti gold mine, Ghana.

The Company employs over 10,000 field workers in Mozambique, and a uniformed and armed defence unit of 1,400 men. Peace is imminent in Mozambique and we will all be thankful to stand down the men who enabled the Company to continue its farming business and let them return to their normal work.

Across the world the Gulf war cut back both business and holiday travel and our hotels suffered a severe drop in occupancy during the year under review. In recent months the recovery has been gradual. Overall, our hotels are in excellent physical condition, and with small exceptions freehold and wholly-owned. Outstanding among them is the Acapulco Princess, which has no world competitor in size and quality. The new motorway from Mexico City is rapidly being completed and will give this remarkable hotel immeasurably better access from the capital.

In central London, £60 million has been invested in adding a modern complex of conference halls and two hundred new rooms to the Metropole Hotel. A third phase has received planning permission for an extension which would make the Metropole London's largest hotel in the under-supplied middle market, but the Board is not satisfied that this is the best time to go ahead.

The sale of Lonrho's fifty per cent. share in the German freight company Kühne & Nagel was announced on 23 January, 1992. Mr. Klaus Kühne has been a wonderful partner since Lonrho originally invested DM90 million in 1981. With our support, he has built up the business to a point where he wishes to buy back the shares and take the company private again.



Rock boring equipment - Karee platinum mine.

As Kühne & Nagel plans to expand rapidly in Europe, your Board has negotiated a sale rather than see a reduced return for some years. The sale price shows a profit of DM250 million over cost and the Deutschemark has continuously strengthened in the last ten years.

This sale does not lessen Lonrho's interest in Germany where the Group's other investments are doing well. For instance, shareholders may like to know that assets in Germany include four and a half thousand modern apartments, a significant share in one of Germany's most extensive supermarket chains and a 50/50 partnership company, Krupp Lonrho, with strong commercial links with Eastern Europe. Krupp Lonrho has Europe's biggest fleet of bulk carriers at 3.6 million DWT, all of which are profitably engaged.

A further sale from German assets took place after the end of the financial year. A development site in Frankfurt was sold at a substantial profit to a Finnish construction group for DM121 million.

In Russia Lonrho now employs five hundred people. Our record in starting and managing major projects is the best calling card and, under the leadership of Jonathan Platts-Mills, who has joined the Main Board, we expect to operate successfully in Russia, the Republics of the ex USSR and the newly independent states of Eastern Europe.

The financial year included sales of over a hundred and fifty thousand cars, trucks, tractors, lorries and buses, making Lonrho in aggregate one of the world's biggest motor traders. Across the market, there was far less demand with corresponding price cuts. Typically, Jack Barclay, the leading distributor of Rolls-Royce and Bentley in the United Kingdom had sales reduced by 26 per cent.

Tomato paste factory, Chilembene Estates, Mozambique.

The Group publishes twenty nine newspapers, led by the internationally known Observer, and prints 90 per cent. of Britain's postage stamps and the stamps of 120 other countries. The move by Harrisons into currency printing is turning out well.

Virtually all the Group's businesses in the United Kingdom have been troubled by the recession. Textiles and construction were among the few exceptions.

It is extremely unusual for your Board to offer you disappointing results and in addition shareholders will have seen with regret that our Chairman, Sir Edward du Cann, resigned during the year in circumstances that were unconnected with Lonrho.

In the last thirty years, Lonrho has had three excellent Chairmen, Alan Ball, Lord Duncan-Sandys and Sir Edward du Cann, all of whom had long been Directors of the Company. In the same spirit and with the unanimous support of the Board and the Company, our outstanding colleague René Leclézio has agreed to take the Chair, after almost thirty years with the Company and fifteen years as a Director. René Leclézio has been responsible for the planning and development of Lonrho Sugar Corporation which employs 21,000 people and last year produced half a million tonnes of sugar and £23 million profit.

There are now nineteen Associate Directors appointed from the management team which even in this difficult year has produced over £200 million in profits.

Now to the dividend. The Company will pay a final dividend of 5 pence, making 13 pence net for the financial year. Exceptionally, Lonrho will withhold the first interim dividend of 3 pence this year. We want to see how profits are going before returning to our traditional policy of maximum distribution which has served shareholders so well.

Your Company has a proud thirty-one year record of dividends. For example, a 1 per cent. holder of Lonrho shares in 1961 received a dividend of £1,000. A 1 per cent. holder in 1990 received a million pounds net. Your Board will always put the interests and protection of the shareholders first.

Yours sincerely,
Tiny Rowland

The following text is taken from the Review of Operations for the year ended 30 September, 1991:

MINING & REFINING

The Group's three platinum mines have achieved a 29 per cent. improvement in production to 625,000 ounces of platinum group metals.

Major extensions to the smelting complex, base metal refinery and precious metal refinery have been or are being completed, and concentrates produced by the newly acquired Karee mine are now being treated at Western Platinum. The shaft sinking programme at Karee mine is nearing completion from which higher grade ore can be accessed.

Production from Western Platinum's new high capacity No 4 shaft has started and that mine's milling facilities will shortly be increased by a further one million tonnes of ore a year.

Eastern Platinum completed the extensions to its concentrator during the year, doubling its milling capability to 2 million tonnes a year. Between the three mines, the Group will shortly be able to mill at a rate of 8 million tonnes of ore a year. Even at this rate, reserves are sufficient for a hundred years.

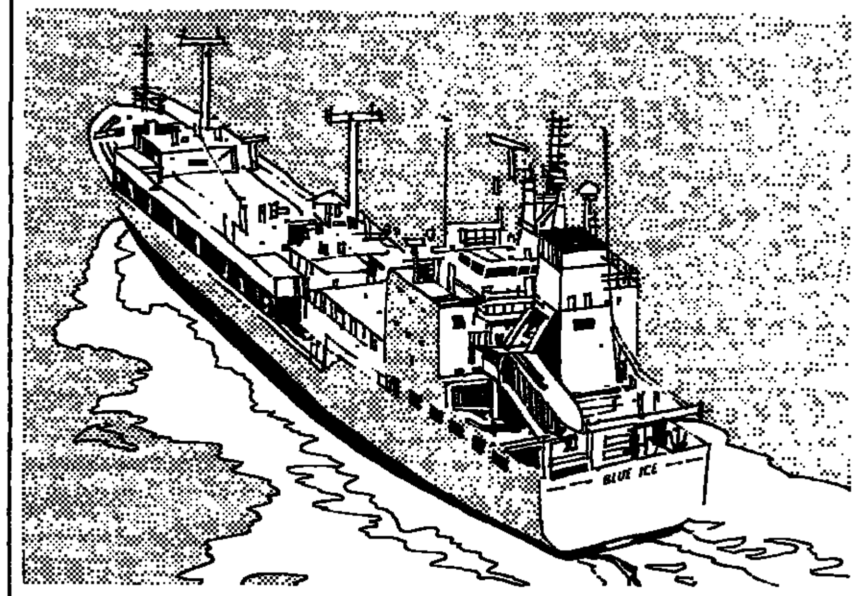
The Ashanti Goldfields Corporation (Ghana) achieved record production, revenue and profit. Gold output increased by 42 per cent. to 569,452 ounces compared with 400,757 ounces in 1990.

The new Sansu Mine contributed over 169,000 ounces of the total declared gold production.

Total gold production from Ashanti will increase to one million ounces a year by 1995/96.

Gold production in Zimbabwe increased by over 4,000 ounces to exceed 164,000 ounces.

Coal sales continued to increase reaching a new record of 5.3 million tonnes.



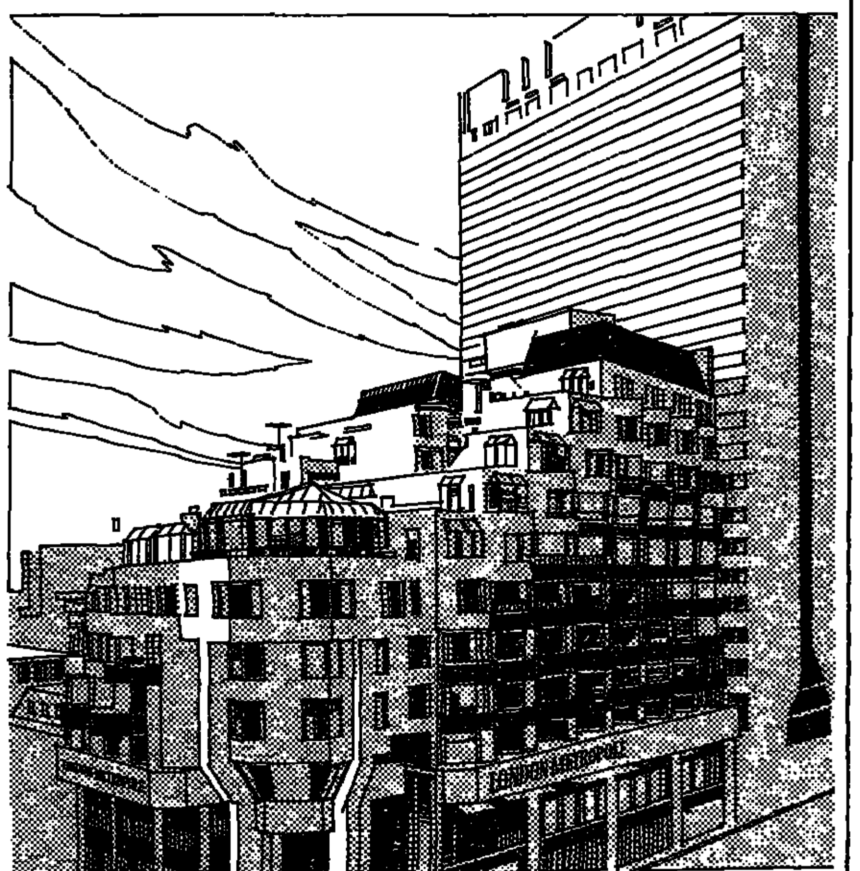
The new 285,000 cu. ft. "Blue Ice" - the first of three refrigerated vessels commissioned by Krupp Lonrho.

1991 AT A GLANCE

	1991	1990
Turnover	£4,846m	£5,476m
Profit before tax	£207m	£273m
Profit attributable to shareholders	£92m	£148m
Earnings per share	14.2p	23.6p
Dividends per share	13.0p	15.7p
Cash balances	£283m	£355m

Turnover includes the Group's share of turnover of associates amounting to £1,848m (1990–£2,330m).
A final dividend of 5p per share for the year to 30 September, 1991, will be paid on 6 April, 1992.

The eighty-third Annual General Meeting of Lonrho Plc will be held at The Barbican Hall, Barbican Centre, Silk Street, London, EC2 on Thursday, 26 March, 1992 at 11.30 a.m.



New extension to the London Metropole Hotel, opened in October 1991.

AGRICULTURE

Lonrho is the largest commercial food producer in Africa with sugar production being the major source of profits. In spite of reduced production in Swaziland and Mauritius due to adverse climatic conditions, attributable sugar profits reached a record level due to the exceptional performance of our Malawi estates. Other contributory factors are the increased production of refined sugar in Swaziland and Mauritius and the expansion of the potable alcohol operation in South Africa.

Iveco trucks distributed by Lonrho in Angola.

In Kenya, Farmers Choice expanded its meat production facilities with the opening of a new factory in January. This expansion has resulted in exports of meat products to neighbouring countries in East Africa and the United Arab Emirates.

Tea, coffee and other major agricultural operations in Malawi had a poor year.

LOMACO, the Group's cotton producer in Mozambique, was affected by persistent power cuts which, together with a severe drought resulted in yields declining. In the first year a 7,000 tonnes cotton crop was harvested from the Montepuez area in Cabo Delgado Province and farmers supplied an additional 4,000 tonnes. LOMACO produced over 55 per cent. of Mozambique's total cotton crop and continues to be a major employer in the country.

Very poor rains throughout Zimbabwe injured most of the agricultural operations. However, record production of wattle extract was achieved.

Kalangwa Estates in Zambia had a disappointing year, although soya beans, wheat, onions, potatoes and tobacco have earned good profits.

HOTELS

The Metropole Hotel Group was affected by the Gulf war and the United Kingdom recession. The Group's prime area of business, conferences, continued to hold up well despite the recession and total conference revenue increased compared to the previous year.

The first major extension to The London Metropole was completed adding 195 bedrooms and suites, major conference facilities and new high quality public areas. The new facilities make the hotel one of the top conference hotels in London.

The new Labadi Beach Hotel, Accra, Ghana.

The past year has been difficult for Princess Hotels. During the period leading up to and during the Gulf war, the level of travel dropped dramatically. Cost savings will ensure that the Princess will be in a better position as the US economy moves out of recession.

In Kenya, guest numbers were only slightly down on the previous year. Both the Aberdare Country Club and the Mount Kenya Safari Club are now firmly established as venues for both the International and Kenyan conference business, as well as their regular tourist trade.

The new hotel in Accra, Ghana, the Labadi Beach Hotel opened in August.

The first year of operation of the Hotel Cardoso in Mozambique was highly successful, with occupancy rates averaging over 85 per cent.

MOTORS

One of the most visible signs of the recession in the British economy has been a steep decline in new vehicle sales. Under these circumstances the performance of the Volkswagen and Audi importing business held up well as a result of tight cost control, maintained market share and improved parts sales.

New models from Audi, the new Volkswagen van range and the arrival of the all new Golf in the Spring of 1992, coupled with the prospect of some improvement in the market have created an excellent outlook for this business.

In the Dutton-Forshaw Group measures have been taken to streamline operations to enable the Group to improve profitability and take advantage of a turn-around in the economy.

In Kenya the strength of the Mitsubishi, Toyota, Fiat and Hanomag franchises and the other market leaders, Massey Ferguson and Yamaha, ensured that the Motor Mart Group continued to be the leading company in the motor sector.

In Zambia the high demand for spare parts for Toyota, Land Rover and Volkswagen resulted in good profitability for these franchises.

In Angola the Group has recently acquired the Mercedes-Benz and Fiat franchises and has formed a new partnership with Toyota.

PRINTING & PUBLISHING

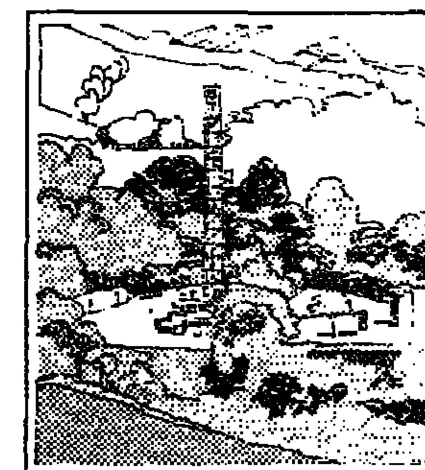
Excellent results were once again achieved at George Outram & Company, publishers of The Glasgow Herald, Evening Times and Scottish Farmer. In common with all media, advertising revenue fell sharply, however, this was offset by strong performances in other categories and a significant reduction in operating costs. Scottish & Universal Newspapers, publishers of one daily and twenty-five weekly titles, enjoyed another near record year.

Results for The Observer have improved, and a small increase was achieved in circulation. Appreciable savings were made in overheads which more than compensated for the downturn in advertising revenue.

Harrison & Sons, the high security printer and largest printer of stamps for the British Post Office, is now firmly established as a currency printer. The company has secured an order for printing Polish passports worth £14 million and the volume of travellers cheques printed has increased significantly.

OIL & GAS

The results of Hondo Oil & Gas Company were significantly affected by the volatile market reactions to the Gulf war and there was also a continuing trend of declining natural gas prices.



Development well for oil and gas in the Middle Magdalena Valley, Colombia, South America - Hondo Oil & Gas

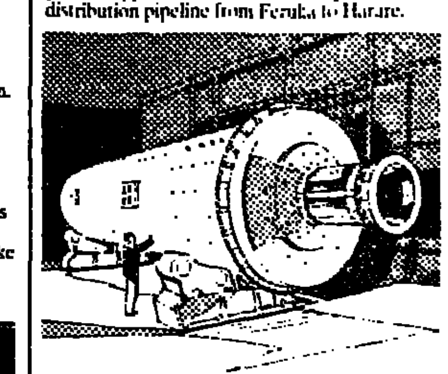
The company's exploration efforts were focused largely on the Permian Basin of Texas and on Magdalena Valley in Colombia, and its primary drilling focus for the forthcoming year will again be the Permian Basin. The company has entered into an agreement with Neste Oy, the Finnish National Oil Company, to participate in the company's drilling programme for the year ahead.

Hondo is now focusing on oil and gas exploration and production. As a result, the company has announced its intention to cease operating the Fletcher Refinery and certain related assets.

ENGINEERING

W. Dahmer reported increased profits from the production of buses and trucks in Zimbabwe. Zambesi Coachworks produced a record number of buses, van bodies, tankers and trailers and reported significantly increased profits.

Petrozim Line, the 50 per cent. held joint venture with the Zimbabwe Government, was granted approval to construct and operate an oil distribution pipeline from Feruka to Harare.



Mill shell constructed for ICI by Newell Dunford, Misterton.

Despite price resistance and intense competition Vitretex paints in Zambia recorded excellent profitability.

In the Firsteel Group Firsteel Metal Products, Sheer Pride and Charles Roberts increased their share of their markets.

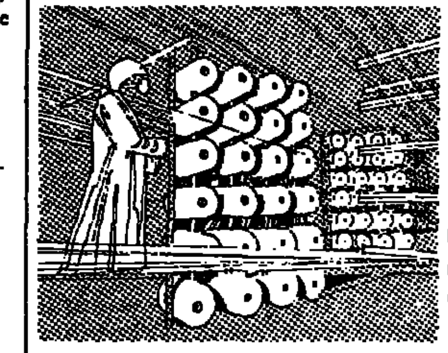
John Holt's boat building factory in Nigeria sold 430 boats and 3,106 Yamaha outboard engines this year.

In South Africa Tullis Laundry and Engineering Supplies, the leading manufacturer of laundry and dry cleaning equipment, had an outstanding year.

TEXTILES

It has been a better year for Lonrho Textiles with sales and margins improved in both the retail and manufacturing divisions.

The David Whitehead Group experienced difficult trading conditions in the United Kingdom. Strong contributions were made by the woven fabric trading, purchasing and confirming for overseas mills activities.



David Whitehead, Malawi.

David Whitehead in Malawi suffered following the removal of import controls. Large quantities of textiles were imported from the Far East which have put pressure on its volumes and prices. These indiscriminate imports have fortunately now been stopped.

David Whitehead in Zimbabwe sold over 11,000 tonnes of yarn, 27.6 million metres of cloth and 3.6 million pairs of socks in a record breaking year for the company.

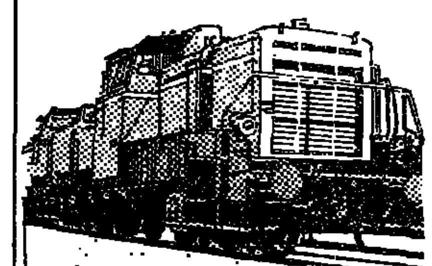
Cotton production in the Mumbwa area of Zambia exceeded expectations.

INTERNATIONAL TRADE & GENERAL

Krupp Lonrho has established several operations in Germany's new federal states and a joint venture company in Belorussia. Krupp Lonrho's steel export division supplied more than 1.6 million tonnes of steel to 65 countries.

In addition to the Group's joint venture, Lada-Lonrho, Lonrho has now opened an office in Moscow and is actively pursuing business throughout the Republics.

Lloyds broker F. E. Wright reported a substantial growth in profits in spite of fierce competition in a relatively soft market.



Refurbished locomotives destined for Turkey - Krupp Lonrho.

Notwithstanding the severe recession in the United Kingdom construction industry Bernard Sunley & Sons improved operating profits in the year. Since the year end Lonrho has acquired Turriff Construction which extends the Group's contracting activities to the Midlands and the North of England.

National Airways Corporation in South Africa continues to dominate the light aircraft market.

Matrix Projects have become a strong force in the development and construction of large regional shopping centres in South Africa.

The text is taken from the Chief Executive's Statement and Review of Operations contained in the Report and Accounts for the year ended 30 September, 1991 which will be published in late February. Copies will be available from the Secretary, Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL.

LONRHO

Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL

Saudis strive to retain Opec dominance

By Mark Nicholson and Roger Matthews in Riyadh

SAUDI ARABIA'S cut in oil output this week as a prop for crude prices is as much a signal of its intention to remain dominant within the Organisation of Petroleum Exporting Countries as it is a concession to its Opec fellows.

It also reflects Saudi Arabia's emergence from the costly Gulf war in a straitened economic condition – and politically tougher.

Although trimming 100,000 barrels a day from output of 8.5m b/d entered the *communautaire* spirit of voluntary cuts by six other Opec members, Saudi Arabia announced its reduction only after others volunteered theirs.

The kingdom recognises cuts are necessary with crude prices faltering, and that more must be agreed at the next Opec summit on February 12. But it is determined not to bear the brunt of such cuts. Saudi Arabia's days of being Opec's swing producer are over, officials insist.

Once Venezuela, Libya, Nigeria, Iran, Qatar and Algeria announced their reductions – later followed by Qatar and the United Arab Emirates – Saudi Arabia felt that this showed a willingness among Opec's historically fractious members to share the burden of any further reductions.

The Saudi budget will not bear a return to the wide swings in oil output in earlier years. Faced with war-related costs of $60m, a prospective budget deficit this year of $8bn, plans underway to upgrade its oil industry both upstream and down at a cost of $34bn over the next 10 years and continuing heavy defence spending, the kingdom has no choice but to maximise revenues.

Economically, it has been forced into putting its own interest first – in a more emphatic way than at any time since the first oil price explosion in 1973. Politically, Saudi Arabia's emergence unscathed from the Gulf war has spawned a more assertive foreign policy and a determination not to cede ground to regional rivals, such as Iran.

The Saudi delegation in Geneva will therefore insist that all further Opec cuts should be made on a pro-rata basis and related directly to production capacity. This will safeguard the kingdom's augmented share of Opec output since the Gulf war – which rose to 36 per cent from 24 per cent after the kingdom filled 60 per cent of the hole left by lost Iraqi and Kuwaiti production.

Saudi officials insist they will brook no alternative to this, or some formula very like it, in Geneva.

However, Kuwait will also demand exemption from any Opec cuts and Iraq, once it feels the terms are right, is equally determined to re-enter the market. Iran, ever one of Opec's price hawks and one of Saudi Arabia's fiercest critics, would prefer higher prices on lower output and has its own ambitious development and foreign policy plans, most recently including the newly independent Moslem republics of the former Soviet Union.

Saudi Arabia's ability to get its own way in Geneva will therefore be an early test of what government officials profess to be new found muscle. But when Kuwait and Iraq both re-enter the market and add a powerful depressant to oil prices, the kingdom will face some much tougher arm-wrestling if it is to sustain its high oil output.

Whatever the war medals Saudi Arabia has pinned to its chest, they are unlikely to impress Kuwait, Iraq or Iran, all of which have suffered far greater war-damage to their oil industries and economies than the kingdom within the last decade.

Saudi Arabia may, in Geneva and at subsequent Opec summits, be forced to be politically belligerent because it believes it has no economic choice. But then, neither do its rivals.

Smelters seek help for their tormentors

Kenneth Gooding on the problems behind the damaging flood of Russian aluminium

THE RUSSIAN aluminium smelter manager can hardly be expected to give much thought to the crisis Russian exports are causing in the west European industry.

As he struggles to keep production going so that he can earn foreign currency to buy food for his workforce and their families and urgently needed spare parts for worn-out equipment, he faces more pressing problems. Uncertain supplies of alumina, the essential raw material, and electricity, without which the power-hungry aluminium industry cannot operate; difficulties in finding transport to bring raw materials in and ship metal out; and the complexities of new export taxes on his metal are all conspiring to make his life a nightmare.

The European aluminium industry understands the seriousness of the Russian manager's situation. But it cannot simply stand inactive as a flood of Russian aluminium threatens to devastate a large part of European smelting capacity.

The unexpected surge in exports of aluminium from the former Soviet Union to 1m tonnes last year has already forced the closure of 500,000 tonnes of west European smelting capacity, or roughly 12 per cent.

If Russian exports do not fall substantially, more capacity will go because Europe is the western industry's high-cost production area.

Against the present aluminium price, hovering just above 50 cents a lb, the Anthony Bird Associates consultancy group estimates Italy's average cost at 76 cents, Spain's at 72 cents, Germany's at 65 cents and the UK's at 62 cents. Compared with this Venezuela's average cost is put at 47 cents, Canada's at 49 cents and Australia's at 50 cents.

Nevertheless, as Mr Hans Seebauer, secretary-general of the European Aluminium Association, points out: "we in Europe have environmentally clean smelters which are closing down but in the former Soviet Union smelters emitting high levels of pollutants continue to operate".

His association has made an urgent call for help to the European Commission, asking for trade talks to start as soon as possible. Otherwise, he says, the European aluminium industry is faced with "further dismantling." However, Mr Seebauer insists: "We don't want to solve the problem negatively. We have to find a way of helping the former Soviet Union. But we also have to find a way to stop it choking our industry."

He has some imaginative suggestions to offer. For example, the western industry could help the Russians to modernise their smelters, a process that would inevitably mean the closure of some capacity in the short term.

Mr Seebauer suggests there are European aluminium companies that would be willing to buy metal from Russia from the mid-1990s and could offer firm commitments. Armed with such contracts, the Russians should be able to raise finance through normal commercial banking channels.

Karl Wobbe (left), who heads the aluminium operations of the German VAW group, suggests that individual European governments or the European Community could offer some kind of financial guarantee to companies willing to help the Russian industry

Mr Karl Wobbe, who heads the aluminium operations of VAW of Germany, has personal experience of the frustrations of dealing with the Russian industry. He says it is not possible for the European aluminium companies to solve the complex difficulties unaided. VAW has for some time had a research and development partnership with the former Soviet Union's Vami research institute and has been invited to modernise some smelters. "We've done some feasibility studies, but there is no money available (in Russia) for this," he says.

Ironically, by driving down aluminium prices to their lowest-ever level in real terms, Russian exports have seriously undermined the European industry's financial strength – and thus its ability to help Russia.

Mr Wobbe suggests that the deadlock would be broken if individual European governments or the European Community offered some kind of financial guarantee to companies willing to help the Russian industry.

The European Aluminium Association has already contacted the governments of France, Germany and the UK and officials at the European Commission. All were sympathetic but uncertain what could be done. The European governments are also acutely aware that the $1bn in foreign currency Russia earned from aluminium exports last year is $1bn they will not be asked to provide in some other form of loans or aid.

Mr Wobbe points to another looming cloud of uncertainty. Of the estimated 3.5m tonnes of aluminium production capacity in the former Soviet Union, about half went into military and associated equipment such as rockets and aeroplanes. This demand has virtually disappeared. He says: "Russia has some excellent equipment for fabricating aluminium but it must be adapted. They need money and technology and they are asking for help.

"Many western companies have been to talk about possible joint ventures and to look at the plants and equipment. There is a growing sense of disappointment among the Russians that none of these visits have come to anything."

This lack of western interest is understandable given the lack of the financial and statistical information a big quoted company would expect to have before entering a joint venture. Also the Russians, according to Mr Wobbe, are short of ideas of their own. "Make a proposal, is what they say. They don't think about their domestic market. They want to use their cheap labour to make low-cost fabricated aluminium products for export and for foreign currency. "We must help the Russians convert their aluminium industry at all levels and help them use aluminium domestically for their own population," says Mr Wobbe.

In the meantime, VAW is keeping its financial commitments in the former Soviet Union to a minimum. It is taking Russian metal, converting it to foil and the foil is made into products for the domestic market at a plant in Michailovsk in the Ural mountains.

The Russians would like this co-operative effort to develop into a proper joint venture but Mr Wobbe says: "It could all change very quickly. We never know whether the same management will be in place in two or three months time. There might still be another political upheaval. The risk of this is very high – too high to put much money in at the moment. But this is a market with huge potential".

Meanwhile, the European Aluminium Association continues to hope that the Commission soon will put formal pressure on the Russians to reduce aluminium exports to the 1990 level (about 300,000 tonnes). Among other proposals, should negotiations fail, is one for a quota system that would allow duty-free imports up to a certain tonnage, above which duty would be levied.

However, as Mr Seebauer points out: "This would help the situation in the short term. But in the longer term a more profound solution is needed".

An article on the outlook for Russian aluminium production appeared on Wednesday, January 22

IPE launches gasoline futures on Monday

By Deborah Hargreaves

THE INTERNATIONAL Petroleum Exchange launches its unleaded gasoline futures contract on Monday in a bid to attract new users to the derivatives product.

"There has been a lot of interest from blenders, end-users and producers," said Mr Alastair Harris, marketing and research director at the IPE, "it will be a useful tool for companies with fleet management operations."

Mr Harris says that many of these companies will not be using the Rotterdam forward market for unleaded gasoline, but will have been using trading companies to hedge their exposure to petrol prices.

The IPE has introduced a designated broker scheme for the first time at the exchange to get the new contract off the ground. So far, seven brokers have signed up to trade the futures product.

The specifications for the IPE's product are slightly different from the one traded at the New York Mercantile Exchange, but will still allow brokers to take advantage of arbitrage opportunities.

The exchange hopes its product will complement the Nymex contract by providing a specifically European contract to attract new business.

India to import more cotton after crop setback

By Kunal Bose in Calcutta

THE INDIAN government has decided to allow the Cotton Corporation of India to import 1m bales (170 kg each) of cotton during the 1991-92 season (September-August). The move is in response to concern about runaway inflation in cotton prices following a sharp setback in the crop.

The government had originally planned to limit imports to 500,000 bales.

The mills have made it clear, however, that imports will not make sense while the 50 per cent duty remains. The textiles ministry supports the industry's stand but the finance ministry has yet to take a decision on the subject.

As the government is taking its time to sort out the contentious duty issue, some of the leading textile mills like Century, Bombay Dyeing, Arvind and Madura Coats have decided to import about 200,000 bales on their own against exports of yarn and fabrics.

Meanwhile, the government, which earlier sanctioned the export of 500,000 bales of cotton in anticipation of a good crop has now restricted overseas sales to 100,000 bales. In the last cotton season, India exported 1.18m bales of cotton.

The Cotton Advisory Board, which at the beginning of the season forecast a crop of 13m bales, now thinks that production will be only 11.65m bales.

According to Mr R.K. Khattar, president of the Eastern India Textile Mills Association, the setback in production results mainly from insufficient rains in Maharashtra, Gujarat and Madhya Pradesh and a cyclonic storm in Andhra Pradesh. According to the advisory board Maharashtra will now be producing 900,000 bales, against the earlier forecast of 1.5m bales; Gujarat 1.3m bales, against 1.9m; and Madhya Pradesh 1m bales, against 1.6m.

Apart from the production shortfall, the quality of the crop, particularly in Gujarat leaves much to be desired. As a result, there is a great rush for the good quality cotton grown in Punjab, Haryana and Rajasthan. Cotton is now fetching 70 per cent more than in corresponding period of the previous year.

The total supply of Indian cotton in 1991-92 is expected to be 13.59m bales, including the carryover of 1.94m bales. Imports of 1.2m bales are likely to be needed to meet total Indian consumption estimated at 12.4m bales.

Malaysian palm oil growth levels off

By Lim Siong Hoon in Kuala Lumpur

MALAYSIAN PALM oil production grew to 6.14m tonnes last year from 6.1m tonnes a year earlier, a rise of 0.7 per cent, according to the Palm Oil Registration and Licensing Authority.

With slow output growth being outpaced by demand the country's stockpile was reduced to 683,000 tonnes at the end of December, from 719,000 tonnes a year ago.

The latest figure tends to confirm that Malaysian palm oil production is levelling off. Nearly a decade of dramatic expansion ended with a leap in 1989 of 1m tonnes, or 20 per cent, to 6.06m tonnes. The official forecast for this year's output is 6.3m tonnes.

The spot month crude palm oil price on the Kuala Lumpur Commodity Exchange is currently about M$910 (£190) a tonne, little changed from a year ago.

Traders are predicting that prices will fall in the spring when the seasonal monsoon flood recedes and full harvest returns.

To help sustain production and promote exports, the Malaysian government announced late last month its decision to push forward a $500m (M$1.35bn) export credit programme. This is intended to support immediate deliveries of up to 1.5m tonnes, or nearly a quarter of current domestic production, which represent the minimum needs of six countries.

China, India, Pakistan and Russia, the four largest importers, are entitled to draw on $100m each, and Egypt and Iraq $50m each. In bilateral payment agreements, domestic exporters will be paid by the local central bank, buyers abroad will pay their banks for remittance to Malaysia.

Last July, the former Soviet Union requested from Malaysia $200m in official credit in order to revive imports, which were affected by local financial difficulties and had fallen sharply.

Windwards banana shipments down

By Canute James in Kingston

THE WINDWARD Islands exported 222,087 tonnes of bananas to Britain last year, 20 per cent less than exports in 1990. The industry in the four islands (St Lucia, Dominica, St Vincent and Grenada) was affected by drought between March and August last year, according to the Windward Islands Banana Growers Association.

The Association said the islands earned $120.9m from exports to Britain last year, 15 per cent less than earnings in 1990. Output declined in all the islands, with St Lucia, the major producer in the group, suffering the largest drop as exports fell 32,664 tonnes to 99,005 tonnes.

The islands are members of the African, Caribbean and Pacific group of countries which is seeking a continuation of preferential entry to the European Community after the creation of a single market next year.

WORLD COMMODITIES PRICES

MARKET REPORT

The zinc market was again in bullish mood, closing well ahead on the LME. Three-month metal moved through expected resistance at $1,180 a tonne, and one chartist said its target was now $1,200. The morning rise was fuelled by speculative buying following Wednesday's constructive close, coupled with trade and option covering. Three-month nickel moved closer to $8,000 a tonne as the market absorbed the latest bout of profit taking. London's dry cargo freight futures market took its lead from a 15-point fall in the Baltic Freight Index, posting sharp losses in hectic trade, dealers said. The index fall to 1,516 was bigger than expected and some traders see the possibility of a renewed downturn although sentiment is still constructive on stable panamax demand. "People I talk to say it looks relatively good, they're doing business and there are stronger panamax fixtures in the Pacific," one dealer said. On the bullion market platinum moved ahead in response to an increasingly tight physical market reflected in sharply higher lease rates. Platinum leasing rates have risen to around eight-month highs, with nervous operators reluctant to roll over Russian platinum swaps in response to Moscow's economic crisis.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.10-5.15q	+.225
Brent Blend (dated)	$18.10-8.20	+.325
Brent Blend (Mar)	$17.95-8.00	+0.25
W.T.I. (1 pm est)	$18.85-8.95q	+0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$201-203	+1
Gas Oil	$177-178	+4
Heavy Fuel Oil	$60-62	+0.5
Naphtha	$184-185	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$358.05	-1.25
Silver (per troy oz)♣	431.0c	+4
Platinum (per troy oz)	$347.00	+6.5
Palladium (per troy oz)	$84.75	+0.75
Copper (US Producer)	101.2c	+0.59
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.34r	+0.01
Tin (New York)	253.5	+1
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.28p	-0.82*
Sheep (live weight)†♣	104.60p	+2.12*
Pigs (live weight)†	91.01p	+5.36*
London daily sugar (raw)	$213.0t	+3.6
London daily sugar (white)	$271.0t	+7
Tate and Lyle export price	£225.5	+2.5
Barley (English feed)	£123.5	
Maize (US No. 3 yellow)	£147.0	-0.5
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	50.50p	-0.5
Rubber (Mar)♥	50.75p	-0.5
Rubber (KL RSS No 1 Feb)	217.0m	
Coconut oil (Philippines)§	$760y	+5
Palm Oil (Malaysian)§	$390.0q	
Copra (Philippines)§	$500.0t	+20
Soyabeans (US)	£147.0	-0.5
Cotton "A" Index	58.65c	+0.25

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	189.40	189.00	190.60 187.00
May	189.80	190.00	190.60 188.40
Aug	193.00	192.00	192.20 191.00
Oct	194.00	192.40	193.00 191.40
Mar	191.00		190.00 188.00
May	188.00		190.20 190.00
White	**Close**	**Previous**	**High/Low**
Mar	270.0	270.0	271.0 267.0
May	273.5	273.4	275.0 270.5
Aug	275.5	275.9	276.0 274.0
Oct	264.0	264.4	265.0 263.5
Dec	265.5	265.9	266.5 265.9

Turnover: Raw 787 (458) lots of 50 tonnes. White 2338 (2850)
Paris- White (FFr per tonne): Mar 1469.47, May 1504.70

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	18.00	18.05	18.15 17.89
Apr	17.82	17.97	18.02 17.78
May	17.84	17.85	17.92 17.84
Jun	17.71	17.85	17.90 17.71
Jul	17.71	17.80	17.89 17.71
IPE Index	17.80	17.96	

Turnover 13000 (20366)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Feb	171.25	168.00	173.25 170.00
Mar	169.25	167.00	171.00 168.50
Apr	165.75	165.25	166.50 165.75
May	163.75	163.25	166.25 163.75
Jun	164.00	163.00	166.00 164.00
Jul	166.00	164.25	166.00 164.50
Aug	168.00	166.00	168.00 167.00
Sep	170.00	168.00	170.00
Oct	172.00	170.00	172.00

Turnover 16595 (18589) lots of 100 tonnes

FRUIT & VEGETABLES

Cape Sultana grapes at £1.30-1.40 a lb and Cape Thompson grapes are this weeks best buy reports the FFVIB. Also good are bananas at 45-70p a lb, clementines at 40-55p a lb and Seville oranges at 35-45p a lb. English pears have had a good season and are excellent this week with Conference at 40-55p a lb and Comice at 45-60p a lb. Spania broccoli is good at 50-60 per 8oz pre-pack together with carrots at 10-20p a lb.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	731	730	731 722
May	757	756	757 749
Jul	784	783	785 776
Sep	805	806	807 801
Dec	836	839	838 830
Mar	868	867	868 860
May	889	885	890 880
Jul	908	903	907 903
Sep	929	920	929 917

Turnover: 4583 (7279) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan.22 907.18 (914.48) 10 day average for Jan.23 909.46 (908.51)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jan	1005	1020	1010 1000
Mar	998	1009	1008 990
May	993	996	993 983
Jul	1010	1010	1010 999
Sep	1023	1025	1022 1013
Nov	1039	1040	1037 1032
Jan	1055	1054	1055 1048

Turnover:2667 (2191) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan. 21: Comp. daily 62.19 (62.21) 15 day average 62.11 (62.06)
Sterling close: January £560 , March £568

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	117.5	117.0	117.0 116.5
May	137.2	137.0	137.2 136.0

Turnover 135 (140) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	128.50	129.50	128.60

Turnover 25 (3) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jan	1497	1532	1530 1497
Feb	1510	1551	1540 1510
Mar	1530	1576	1580 1530
Apr	1546	1584	1580 1535
Jul	1315		1340 1315
Oct	1473		1500 1473
BFI	1516	1531	1516

Turnover 898 (253)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Jan	127.10	125.40	125.75 125.40
Mar	127.10	126.60	127.10 126.35
May	130.70	130.35	130.75 129.80
Jun	132.50		132.55 131.65
Sep	111.75		111.75
Nov	115.00		115.00
Barley	**Close**	**Previous**	**High/Low**
May	122.00		122.25

Turnover: Wheat 349 (225), Barley 2 (12).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	110.2		110.0 109.8
Feb	113.3	112.0	113.0 112.5
Mar	113.5	112.0	113.0 112.5
Apr	113.4	112.0	113.2 112.5
May	113.3	112.0	113.0 112.5
Jun	113.0		113.0 112.5

Turnover:198 (46)lots of 3,250 kg

NGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	135.04	133.42			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 47,460 lots
Cash	1236.5-6.5	1209-10	1216.5	1216.5-7.0		
3 months	1258-59	1233-34	1265/1235	1238-39	1252-54	121,684 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,102 lots
Cash	1211.5-12.5	1189.5-90.5	1204	1203-04		
3 months	1236-37	1215.5-16	1238/1226	1228-29	1233-34	115,066 lots
Lead (£ per tonne)						Total daily turnover 408 lots
Cash	281.5-2.5	281-82		280-80.5		
3 months	293-3.5	293-94	296/289	290-90.5	294-5	18,434 lots
Nickel ($ per tonne)						Total daily turnover 6,361 lots
Cash	7865-95	7850-60		7810-15		
3 months	7950-60	7920-25	7995/7810	7880-85	7990-8000	20,698 lots
Tin ($ per tonne)						Total daily turnover 1154 lots
Cash	5475-80	5465-75		5490-500		
3 months	5535-40	5532-34	5560/5515	5555-58	5520-30	4,972 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 13,853 lots
Cash	1193-95	1170.5-72.5	1188	1188-89		
3 months	1175-76	1151-52	1178/1160	1168-69	1171-72	42,960 lots

LME Closing £/$ rate:
SPOT: 1.7955 3 months: 1.7686 6 months: 1.7461 9 months: 1.7224

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	355.80-356.30	
Opening	357.00-357.40	
Morning fix	356.55	197.863
Afternoon fix	356.20	197.125
Day's high	357.50-357.90	
Day's low	353.70-354.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.38	6 months	3.38
2 months	3.39	12 months	3.39
3 months	3.39		

Silver fix	p/fine oz	US cts equiv
Spot	238.35	428.35
3 months	244.50	433.65
6 months	250.30	437.70
12 months	262.40	447.90

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	355.25-356.25	197.25-197.75
Maple leaf	366.00-367.00	203.25-203.75
New Sovereign	87.00-88.00	48.25-48.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
Coffee	Mar		Mar	
500	68		1	
550	26		9	
600	5		38	
Cocoa	Mar	May	Mar	May
700	38	58	7	11
725	22	51	16	19
750	12	27	31	30
Brent Crude	Mar	Apr	Mar	Apr
1700			9	37
1750		74	15	48
1800			29	72

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	18.95	18.94	19.15	18.78
Apr	19.08	19.09	19.29	18.90
May	19.11	19.14	19.25	18.98
Jun	19.09	19.15	19.23	18.98
Jul	19.07	19.16	19.21	18.98
Oct	19.07	19.21	19.10	19.07
Nov	19.09	19.24	19.15	19.07
Dec	19.09	19.27	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5350	5267	5400	5310
Mar	5365	5313	5425	5325
May	5220	5192	5265	5200
Jun	5210	5150	5220	5170
Aug	5265	5250	5320	5265
Sep	5410	5380	5440	5410
Oct	5510	5480	5530	5510
Nov	5610	5580	5630	5610

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1190	1190	1198	1176
May	1227	1227	1234	1215
Jul	1265	1263	1272	1255
Sep	1292	1292	1290	1288
Dec	1331	1330	1334	1333
Mar	1368	1370	0	0
May	1389	1391	0	0
Jul	1409	1411	0	0
Sep	1439	1441	0	0
Dec	1469	1471	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	76.10	78.30	78.00	76.00
May	79.00	81.00	80.80	78.90
Jul	81.60	83.70	83.30	81.60
Sep	84.25	86.40	86.25	84.20
Dec	87.80	89.55	88.75	87.70
Mar	90.80	92.50	92.50	91.50
May	93.05	94.75	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	56.41	56.42	56.69	56.05
May	58.10	58.05	58.35	57.76
Jul	59.45	59.34	59.60	59.05
Oct	61.59	61.50	61.75	61.52
Dec	62.15	62.15	62.25	62.05
Mar	63.74	63.65	63.80	63.70
May	64.45	64.40	64.60	64.50
Jul	65.00	65.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	144.55	143.85	145.25	143.00
May	144.45	144.10	145.45	143.50
Jul	144.80	144.25	145.50	144.80
Sep	142.70	142.25	143.50	143.50
Nov	132.80	131.75	133.00	133.00
Jan	145.05	150.15	146.00	146.50
Mar	130.10	129.50	0	0
May	130.10	129.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan.23	Jan.22	mnth ago	yr ago
1604.0	1593.7	1592.3	1665.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan.22	Jan.21	mnth ago	yr ago
Spot	115.24	114.68	112.16	121.99
Futures	123.20	122.51	120.10	125.11

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	354.6	357.9	0	0
Feb	354.9	358.3	356.9	354.0
Mar	355.8	359.2	356.8	356.8
Apr	356.9	360.3	358.9	356.0
Jun	359.0	362.5	360.7	358.0
Aug	361.2	364.7	362.7	361.5
Oct	363.3	366.8	363.9	363.9
Dec	365.6	369.1	367.5	366.2
Feb	367.9	371.4	366.6	368.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	344.2	345.7	345.0	345.0
Apr	344.2	345.7	351.0	343.0
Jul	344.2	346.2	349.0	344.0
Oct	347.8	349.7	354.0	350.4
Jan	348.2	350.7	356.0	355.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	420.7	427.3	0	0
Feb	420.9	427.7	0	0
Mar	422.5	429.3	432.0	421.0
May	425.6	432.4	435.5	424.0
Jul	428.9	435.8	438.0	427.5
Sep	432.2	436.9	441.0	437.5
Dec	437.9	444.4	446.5	438.0
Jan	439.8	446.3	0	0
Mar	444.0	450.4	446.0	446.0
May	448.3	454.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	96.30	97.05	97.85	96.25
Feb	96.60	97.20	98.00	96.50
Mar	97.00	97.60	98.70	96.85
Apr	97.10	97.60	0	0
May	97.20	97.65	98.50	97.00
Jun	97.30	97.75	98.30	98.30
Jul	97.40	97.85	98.60	97.60
Aug	97.45	97.90	0	0
Sep	97.50	98.00	98.65	97.60
Oct	97.50	98.05	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.63	8.62	8.75	8.51
May	8.65	8.65	8.75	8.57
Jul	8.68	8.68	8.76	8.56
Oct	8.74	8.72	8.82	8.68
Mar	8.77	8.77	8.80	8.77
May	8.70	8.72	8.80	8.80

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	572/6	576/4	577/4	572/4
May	580/6	584/0	585/0	580/0
Jul	588/2	593/2	594/0	586/4
Aug	593/6	597/2	597/0	592/4
Sep	595/6	600/0	600/4	595/4
Nov	602/6	606/2	606/2	602/6
Jan	612/0	616/2	616/0	612/0
Mar	621/4	626/0	626/0	621/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	19.32	19.50	19.50	19.31
May	19.61	19.80	19.80	19.61
Jul	19.91	20.10	20.08	19.91
Aug	20.09	20.27	20.22	20.08
Sep	20.20	20.40	20.32	20.20
Oct	20.30	20.50	20.45	20.30
Dec	20.60	20.81	20.70	20.60
Jan	20.65	20.85	0	0
Mar	20.80	21.00	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	176.0	176.6	177.0	175.8
May	176.7	177.6	177.9	176.5
Jul	178.6	179.5	179.8	178.4
Aug	179.6	180.9	180.6	179.5
Sep	180.3	181.5	181.5	180.3
Oct	194.6	196.2	196.2	193.8
Dec	196.0	197.9	198.0	195.5
Mar	199.0	199.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	261/0	260/6	261/6	259/4
May	267/2	266/6	268/0	265/6
Jul	271/6	271/0	272/4	270/0
Sep	267/4	267/2	269/0	267/0
Dec	264/4	264/2	266/2	264/0
Mar	271/2	270/6	272/4	270/2
May	276/0	275/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	437/4	427/2	430/4	426/4
May	417/0	409/4	419/4	409/2
Jul	386/4	379/2	387/0	379/4
Sep	390/0	382/0	390/0	383/4
Dec	399/0	392/0	399/0	392/0
Mar	397/4	393/0	397/4	394/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	75.10	74.77	75.20	74.25
Apr	76.22	75.70	76.25	75.32
Jun	71.30	70.75	71.35	70.45
Aug	68.20	67.90	68.25	67.80
Oct	68.72	68.32	68.75	67.92
Dec	69.40	69.10	69.40	68.90
Feb	69.45	68.75	69.45	68.65

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	41.25	40.60	41.40	40.55
Apr	40.40	39.72	40.45	39.55
Jun	43.92	43.57	43.97	43.35
Jul	44.25	44.20	44.35	43.75
Aug	42.77	42.62	42.90	42.60
Oct	40.42	40.35	40.50	40.10
Dec	43.05	43.02	43.35	42.90
Feb	44.70	44.65	44.70	44.00

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	34.27	33.72	34.45	33.45
Mar	34.67	34.17	34.80	34.00
May	35.85	35.27	35.92	35.10
Jul	36.42	36.07	36.60	35.85
Aug	35.32	35.12	35.70	35.05

LONDON STOCK EXCHANGE

Market closes well below best levels

By Steve Thompson

THE UK equity market managed to stay in positive territory throughout a busy trading session but was looking decidedly ragged towards the close of trading ahead of a dreadful set of figures from Lonrho, one of the Footsie constituents – announced, most unusually, after the close of the market.

Also upsetting the market's equilibrium at the close of business in London was a deterioration in sentiment on Wall Street, which was looking decidedly unhappy after a relatively steady opening.

Closing well below its best levels, the FT-SE 100-share index settled a net 3.3 higher at 2,525.3. At its highest yesterday, the index was some 15.2 points ahead at 2,537.2. Its lowest point came in mid-afternoon when it dropped to show an overall gain of just 0.6 at 2,536.5. Turnover yesterday reached 573.4m shares, and was substantially boosted by a substantial placing of stock in Burton, the retailing group, by Cazenove, the stockbroker. Trading in London yesterday started with marketmakers pushing prices higher in response to a good rally on Wall Street overnight – after two negative sessions – and a solid showing by Tokyo.

Account Dealing Dates		
*First Dealings:		
Jan 13	Jan 27	Feb 10
Option Declarations:		
Jan 23	Feb 6	Feb 20
Last Dealings:		
Jan 24	Feb 7	Feb 21
Account Day:		
Feb 3	Feb 17	Mar 2

*New-time dealings may take place from 8.30 am two business days earlier.

The market's mood quickly shifted, however, with ICI shares tumbling and dragging many stocks with it. Some dealers mistakenly picked up hints that Hanson was about to unload the 2.8 per cent stake in ICI it acquired in the early part of last year. It later transpired that the weakness in ICI had been triggered by two leading UK brokers issuing a bearish circulars on the company.

Fisons, another of the big drug companies, dropped sharply after a broker's profits downgrade and accompanying sell recommendation.

Activity from mid-session onwards tended to fade away, special situations apart, and dealers reported a generally disappointing level of business. "The market hasn't performed as well as some people had expected, and there has been stock coming in with every bounce," said one senior trader. He also mentioned selling connected with the end of the two-week trading account.

In its latest Equity Strategy note Kleinwort Benson, the UK investment bank, adopted a cautious line on the market: "We are not expecting a major run in the next week or so; there are too many uncertainties for that."

Kleinwort did say, however, that it would be a net buyer of UK equities at current levels, concentrating on the strongest cyclicals and US-exposed companies.

County NatWest, meanwhile, said it saw no reason to change its view that the Footsie will make little progress short term. Mr Bob Semple, County's equity strategist, said the March 10 budget, "will provide the basis for a Tory manifesto promising jam tomorrow but, before then, investors will have to struggle through a results season in which maintained or cut dividends will be a feature."

The troubled British Aerospace group surged higher as the market responded to whispers that the UK's GEC or possibly General Electric of the US may be taking a hard look at the company with a view to buying a significant stake. Lonrho shares dived after-hours, and were quoted a good 40p below the official closing level after the poor results. Dealers expect some heavy action in Lonrho when market opens this morning.

Lonrho slide expected

ANNUAL results from Lonrho were a late shock to the market. The group announced annual profits well below expectations, a reduced dividend and a decision to pass the forthcoming interim dividend.

The shares had been firm during the day, bouncing back from the effect of recent bear raids on the stock and buoyed by the news of a disposal. The sale, of a 50 per cent stake in German freight forwarder Kuehne & Nagel, is likely to boost 1992 profits by around £85m.

There was a feeling that Lonrho might have delayed announcing its results until after the market closed because it intended to announce a big South African disposal.

At the official close, the shares stood at 164p, up 9 on the day with a hefty 6.3m traded. However, it has come down from 280p in late November and, in after hours trading, the price was marked down sharply, with marketmakers quoting a spread of 118 bid and 123 offer. One observer said a price as low as 110p was quoted.

Assuming the shares open at those levels today, the price will leave Lonrho with one of the cheapest market valuations in the FT-SE 100 and put pressure on its future in the Index. At 164p, Lonrho is capitalised at just over £1bn, while at 120p it is capitalised at £787.2m.

ICI suffer

An early fall in ICI was misinterpreted as a sign that Hanson had decided to sell the 2.82 per cent stake it acquired in the company, and the shares tumbled 15 at one stage.

In fact the fall was prompted by bearish notes from two securities houses. Smith New Court advised clients to trim holdings of leading chemicals shares because the whole sector is overvalued. The comments were part of a 20-page strategy note which is expected to reach clients on Monday. The house also cut its 1991 forecasts for ICI by £50m to £1bn after reducing its estimate by £150m only a few weeks ago.

Meanwhile, the chemicals team at Kleinwort Benson said they have reiterated their view that in spite of the recent move towards cyclical stocks, expectations of a near-term recovery in ICI's bulk chemicals business are premature and the shares should be sold above 1250p.

ICI shares closed 2 off at 1250p on turnover of 1.6m.

Reuters firm

Confidence over its new dealing system and enthusiasm in the US helped Reuters to close as one of the strongest stocks in the FT-SE 100. The shares rose 14 to 1060p.

There was a strong belief in the market that dummy runs for Reuters much vaunted automated foreign exchange dealing system Dealing 2000-2 would be held in a number of banks in New York and London from early next week. Mr Brian Newman of securities house Henderson Crosthwaite said yesterday: "Foreign exchange dealers have indicated that actual trading will begin no more than a week later."

He added that his forecast of £335m for the 1991 profits expected to be announced on February 12 was beginning to look conservative.

Also, Mr Eric Philo of Goldman Sachs, who has had the company on his buy list for some time, was talking about it to US clients yesterday.

Predatory talk, combined with a bear squeeze, helped push British Aerospace along in heavy volume of 6.2m. Talk in the market first of all fingered GE of the US as a possible predator, although this was quickly dismissed as politically unacceptable. Attention later switched to GEC as the market continued to focus on BAe's cash-flow problems and perceived lack of direction. The shares finished 14 higher at 298p.

Ship builder VSEL is set for stormy waters after losing the Type 23 frigate order to Yarrow. News of the award came to the market late and VSEL was 2 weaker at 431p.

Fading speculation over Vicker's sale of its stake in Rolls Royce left the parent company 4 lighter at 181p. Rolls eased a penny to 139p.

Small rolling stock producer Waggon added 13 to 373p as a buyer moved into a thin market.

A leap in the Hong Kong market sent Cable & Wireless surging 16 to 595p in volume of 2.4m. Around 60 per cent of the telecoms group's income comes from the British colony.

Further speculation of the imminent deal between British Airways and the Dutch airline KLM added 7 to BA at 251p.

Park Food Group jumped 54 to 483p on a reduction in half-year losses, a sharply increased interim dividend and a confident statement from the chairman.

A repetition of a November profits warning prompted Ranks Hovis McDougall to fall 14 to 215p.

A strong performance from holiday groups followed Airtours' AGM, in which the company announced a 95 per cent rise in holiday bookings year-on-year. The group also announced a share split. The shares added 7 to 903p.

Competitor Owners Abroad saw heavy volume with County NatWest putting through a line of 1m in a total turnover of 3.4m. The shares gained 4 to 107p.

There was also heavy turnover of 5.1m in hotel group Queens Moat, the shares nudging forward 3½ to 77½p. Recent buy notes have added to positive market sentiment. Paul Slattery at Kleinwort said: "We are strong buyers of Queens Moat – we consider it to be the best hotel recovery stock."

Fisons fell 16 to 336p with 8m traded on concerns that the drugs Opticrom and Imferon, banned last year by the US Food and Drug Administration, would not be back on the US market before the half year, later than previously thought.

As a result Hoare Govett revised its 1992 profit forecast to £230m from £245m, although remaining a buyer of the stock. Strauss Turnbull cut its 1992 profit forecast to £220m from £239m for the same reason.

A hefty and positive analysis of the pharmaceuticals stocks from Nikko Securities helped the sector's stars to gain ground. Nikko's Mr Andrew Porter highlighted the high growth rates and the defensive characteristics of drug stocks, and the persistent recession.

SmithKline Beecham, which remains one of the house's top eight buys, rose 6 to 891p. Glaxo recovered 12 to 855p.

Commercial Union fell 4 to 468p after Barclays de Zoete Wedd recommended a switch out of the insurance company and into Sun Alliance Group, which was unchanged at 292p.

According to BZW, Commercial Union has outperformed the market by about 20 per cent since the beginning of December, while Sun Alliance has underperformed by 30 per cent since July. This may give Sun Alliance more room to raise its dividend than Commercial Union.

Severe losses in the insurance industry is not the reason to close 39 small UK branches, said Sun Alliance yesterday. It is simply a matter of cost effectiveness, and the company plans to concentrate all non-life business in 50 major branch locations over the next five months.

Banks maintained a weak tone, with Barclays losing 5 to 384p and Lloyds 6 to 393p. This followed recent depressing analysis of the sector and expectations of large provisions for bad debts when the big four clearing banks announce their annual results towards the end of February.

Analysis by Shearson Lehman Brothers suggests that although "Lloyds clearly remains the quality stock in the big four", National Westminster, down 3 at 284p yesterday, is the prime recommendation, because of an expected "substantial loss elimination from its US operations".

In contrast, analysts at County NatWest recently suggested that their parent company has more than its fair share of problems with its balance sheet, and recommended Bank of Scotland, down 3 at 107p, as the best buy in the sector.

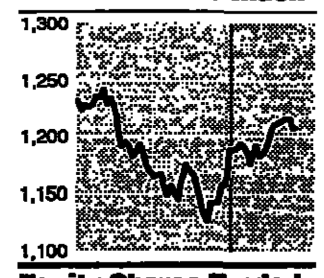
Water shares rebounded in a technical rally, after recent consistent weakness. In thin trading, Northumbria Water gained 9 to 365p and Thames Water added 6 to 346p.

Analyst Dr Angela Whelan at BZW said: "Because of the recent general climate of uncertainty the shares have become cheap and are now looking quite attractive, The outlook however remains volatile."

MARKET REPORTERS:
Peter John, Colin Millham
Christopher Price,
Steve Thompson.

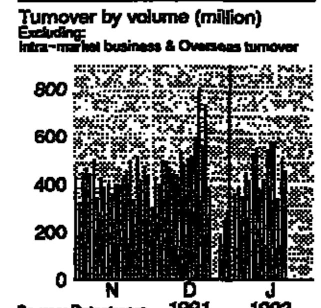
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (49).
BRITISH FUNDS (5) Tr. 2pc IL 1992, Fd. 6pc 1993, Tr. 8½pc 1994, Tr. 9pc 1994, Tr. 2pc IL 1996. BREWERS & DISTILLERS (1) Grand Met., CONTRACTING & CONSTRUCTION (1) Boot (H), ELECTRICALS (1) Chemring, ELECTRONICS (4) Elect. Data Procg., MTL Instrs., Sage, Telemetrix, ENGINEERING GENERAL (3) Fairey, Weir, Wheesoe, FOOD MANUFACTURING (1) Salvesen (Ch), FOOD RETAILING (1) Park, HEALTH & HOUSEHOLD (2) Medeva, Smith & Nephew, HOTELS & LEISURE (3) Eurocamp, Photo-Me., Tanjong, INVESTMENT TRUSTS (5) Gartmore Amer. Secs. Zero Prf., M & G Inc. Zero Prf., Menskin, Templeton Emrg. Mkts., Do. Wrrnts., MEDIA (5) Central ITV, Grampian TVA, HTV, Scottish TV, Ulster TV, MISCELLANEOUS (4) Airsprung Furn., Fil. Frost, Le Creuset, MOTORS (2) Barr & WAT A, Volvo B, OIL & GAS (3) Evergreen Res., Sidlaw, Tullow Oil, OTHER FINANCIAL (2) Biotech Ptg. Prf., China & Eastern, OTHER INDUSTRIAL MATERIALS (1) Harris (Ph), TELEPHONE NETWORKS (1) Northern Telecom, TEXTILES (1) Campari Intl., TRANSPORT (2) British Airways, Br. Airways Cap. 9¾pc Cv.

NEW LOWS (35).
BUILDING MATERIALS (1) Ward, CHEMICALS (1) Anglo United, CONTRACTING & CONSTRUCTION (3) Laing (J) A N/V, Sheriff, Shorco, ELECTRONICS (2) Computer People, P-E Intl., FOOD MANUFACTURING (1) RHM, HEALTH & HOUSEHOLD (1) Hospital Corp., HOTELS & LEISURE (1) Kunick, INVESTMENT TRUSTS (2) Gartmore Scotland Cap., M & G Inc. MEDIA (2) Black (AC), Southern Radio, MERCHANT BANKS (1) Kleinwort Benson, METAL & METAL FORMING (1) Sycamore, MISCELLANEOUS (3) Abertoyle, Assoc. Brit. Consultants, Hawtal Whiting, OIL & GAS (1) Hardy Oil, OTHER FINANCIAL (2) Union Discount, World Trust Fund, OTHER INDUSTRIAL MATERIALS (1) Allied Partnership, PROPERTY (6) Cabra Ests., Capital & Counties, Mountleigh 5.25pc Prf., Mowat, Ossory Ests., Wates City of London, STORES (3) Austin Reed, Dunns, Owen & Robinson, TEXTILES (2) Alex. Workwear, Vivat, MINES (1) Anglesey Mining.

FINANCIAL TIMES STOCK INDICES

	Jan 23	Jan 22	Jan 21	Jan 20	Jan 17	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.74	87.70	87.86	87.82	87.74	84.33	87.94 (18/9/91)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.91	100.00	100.14	100.09	99.90	91.54	100.14 (21/1/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1963.5	1961.8	1974.1	1971.9	1966.8	1645.0	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	154.6	156.3	160.5	158.2	159.2	146.7	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2525.3	2522.0	2543.4	2544.9	2536.7	2103.0	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1168.67	1168.04	1172.39	1169.41	1171.15	970.83	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.67	4.68	4.65	4.66	4.67	5.83				
●Earning Yld %(full)	7.00	7.02	6.98	6.99	7.01	12.14				
●P/E Ratio(Net)(☆)	17.98	17.91	18.02	17.98	17.94	9.96				
SEAQ Bargns 4.45pm	28,215	27,469	29,816	30,102	32,267	32,354				
Equity Turnover(£m)†	-	1,058.8	1,118.6	779.9	1,351.6	988.80				
Equity Bargains†	-	26,588	29,163	30,408	35,344	32,681				
Shares Traded (ml)†	-	464.2	510.0	348.9	584.6	457.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 16.94

Ordinary Share Index, Hourly changes — Day's High 1975.6 — Day's Low 1963.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1969.2	1965.2	1970.8	1975.1	1971.1	1968.2	1963.8	1965.1	1966.7

FT-SE 100, Hourly changes — Day's High 2537.2 — Day's Low 2522.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2531.4	2526.4	2531.8	2536.8	2531.6	2529.2	2524.3	2525.2	2527.8

FT-SE Eurotrack 200, Hourly changes — Day's High 1172.25 — Day's Low 1165.45

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1169.60	1171.35	1171.14	1169.19	1168.54	1167.10	1166.86

GILT EDGED ACTIVITY

Indices*	Jan 22	Jan 21
Gilt Edged Bargains	79.0	73.1
5 – Day average	79.9	82.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0891 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	318	415	-8
ASDA Group	11,000	55	-1
Abbey National	1,500	286	-3
Albert Fisher	2,800	79	+1
Allied-Lyons	1,800	845	-3
Amstrad	1,400	28½	+½
Anglian Water	1,100	343	+5
Argos	3,700	272	-6
Argyll Group	3,800	297	-2
Arjo Wiggins	788	259	+3
Ass. Brit. Foods	984	433	-4
BAA	508	559	
BAT Inds.	1,400	687	-7
BET	1,700	179	-3
BICC	1,700	348	-1
BOC	759	616	+4
BPB Inds.	7,400	132½	-2½
BTR	2,700	420	+3
Bank of Scotland	6,709	107	-3
Barclays	3,600	382	-7
Bass	1,200	1008	-4
Berisford Int.	1,500	15½	-½
Blue Circle	452	240	+1
Booker	68	454	-3
Boots	1,100	446	+4
Bowater	118	722	+1
Brit. Aerospace	6,300	298	+14
British Airways	6,200	251	+7
British Gas	8,700	245	
British Land	487	250	+2
BP	2,000	289½	+2½
British Steel	1,000	74½	+1½
British Telecom	3,900	317½	+2½
Br. Telecom New	23,000	111	+2½
Bunzl	186	89	
Burmah Castrol	485	508	+6
Burton	50,000	35½	-2
Cable & Wire.	2,400	595	+16
Cadbury Schweppes	971	444	-1
Calor Group	282	385	-6
Carlton Comms.	314	541	+5
Coats Viyella	1,800	179	+1
Comm. Union	1,100	468	-4

	Volume 000's	Closing Price	Day's change
Cookson	582	112	
Courtaulds	1,000	518	+2
Dalgety	317	382	-1
De La Rue	543	808	+1
Dixons	3,100	225	-3
ECC Group	774	489	-5
Eastern Elect.	651	217	
East Midland Elect.	458	241	-3
Enterprise Oil	45	450	
Eurotunnel Units	883	432	-11
FKI	2,100	57	-1
Ferranti	1,600	5	
Fisons	8,000	336	-16
Forte	389	235	-1
Gen. Accident	710	447	-6
General Elect.	7,700	187½	-2
Glaxo	3,200	855	+12
Glynwed Int.	345	212	+1
Granada	1,100	217	
Grand Met.	1,300	950	+12
GUS A	609	1416	+5
GRE	462	128	+2
GKN	238	321	+1
Guinness	1,500	528	-3
Hammerson 'A'	165	474	
Hanson	7,900	212½	
Hanson Warrants	375	23	+½
Harrisons Crosfield	1,800	117	
Hawker Sidd.	7	798	
Hillsdown	2,800	157	+4
IMI	355	244	
ICI	1,600	1250	-2
Inchcape	1,700	421	-8
Kingfisher	808	507	+8
Ladbroke	1,000	222	+1
Land Securities	380	468	+2
Laporte	483	613	-8
Legal & General	418	373	+1
Lloyds Abbey	1,100	382	+2
Lloyds Bank	810	394	-5
LASMO	2,400	252	-2
London Elect.	807	341	-4
Lonrho	6,800	163	+9

	Volume 000's	Closing Price	Day's change
Lucas	2,000	118	+3
MB Caradon	128	264	-5
MEPC	137	381	
Manweb	35	308	-2
Marks & Spencer	1,800	284	+2
Midland Bank	907	325	-3
Midlands Elect.	131	254	-1
NFC	680	243	
NatWest Bank	3,700	284	-3
National Power	7,000	134	-1
Next	1,000	67	-½
North West Water	1,000	343	+3
Northern Elect.	572	249	-2
Northern Foods	662	537	-1
Norweb	415	259	-1
Pearson	384	771	+5
P & O	1,000	455	+8
Pilkington	922	143	+1
PowerGen	4,100	141½	-1½
Prudential	2,100	232	+1
RHM	10,000	215	-14
RMC	148	580	-6
RTZ	801	578	+2
Racal	4,100	40½	-½
Rank Org.	1,200	634	-1
Reckitt & Colman	147	684	-3
Redland	1,500	470	-2
Reed Intl.	692	522	+1
Rentokil	123	379	-5
Reuters	812	1060	+14
Rolls Royce	2,850	139	-1
Rothmans	43	1080	-5
Ryl Bk Scotland	236	167	-3
Royal Insurance	605	246	-15
Saatchi	6,400	13½	
Sainsbury	3,700	358	-8
Scottish & New	1,800	433½	-1½
Scot. Hydro-Elect.	1,900	101	-½
Scottish Power	2,100	95	-½
Sears	1,400	87	
Sedgwick	382	224	+2
Seeboard	40	248	-2
Severn Trent Water	1,400	320	+5

	Volume 000's	Closing Price	Day's change
Shell Transport	2,700	481	-2
Siebe	151	570	+1
Slough Ests	165	229	-2
Smith (W.H.) A	104	458	-5
Smith & Nephew	2,300	147½	+2½
SmKl Beecham	515	891	+6
SmKl Beecham Uts.	37	4080	+37
Smiths Inds.	428	370	-1
Southern Elect.	281	249	-2
South Wales Elect.	107	311	-1
South West Water	1,300	324	+4
South West. Elect.	782	235	-2
Southern Water	497	320	+7
Standard Chartd.	740	411	-9
Storehouse	300	102	-1
Sun Alliance	1,300	291	-1
T&N	1,500	103	
TI Group	130	605	+3
TSB	1,800	128	-1
Tarmac	2,800	123	-3
Tate & Lyle	1,400	430	-4
Taylor Woodrow	277	103	
Tesco	8,700	233	+4½
Thames Water	2,700	346	+6
Thorn EMI	328	808	-5
Tomkins	163	437	-2
Trafalgar House	1,300	100	-6
Ultramar	518	291	-2
Unigate	3,300	274	+10
Unilever	370	806	+4
United Biscuits	1,400	405	-2
Utd. Newspapers	376	373	+3
Vodafone	1,800	348	
Warburg (SG)	164	542	-2
Wellcome	322	1075	-2
Welsh Water	378	358	+3
Wessex Water	329	389	
Whitbread 'A'	1,800	471	-5
Williams Hldgs.	440	322	
Willis Corroon	1,300	252	+1
Wimpey	2,400	112½	-1½
Yorkshire Elect.	372	297	-1
Yorkshire Water	458	362	+4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

SPECULATION of a massive stake sale and continuing apprehension over the direction of Wall Street preoccupied the derivatives markets yesterday, writes Peter John.

On the Liffe, the March contract in the Footsie futures opened at a healthy 36-point premium to the underlying equity market and up on the previous day's close in response to a stronger market in New York.

The contract continued firm and reached 2,574 at one stage. However, the rise was overdone and the equities showed no inclination to follow. Then a strong rumour swept through the markets that Lord Hanson was about to place the 2.82 per cent stake he acquired in ICI back in May.

This dual pressure pushed March back to a mere 26-point premium to cash, not far ahead of its estimated fair value of 22. As afternoon trading began there was a general assumption that Wall Street would open easier and March fell to 2,543. However, a late, and decent-sized buy order, helped the March contract to close at 2,557 with 6,600 contracts traded.

In LTOM, turnover of 26,495 was comfortably above the previous day's, with BAe, said to be a bid candidate, topping the list of stock option traders.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or-	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		100¼xd	—	101½	100¼	12.73	—
10pc 1992		100xd	—	[illegible]	[illegible]	10.00	—
2pc IL 1992‡‡		[illegible]	[illegible]	[illegible]	[illegible]	1.98	8.28
8pc 1992‡‡		[illegible]	—	[illegible]	[illegible]	8.08	10.20
10½pc Cv 1992‡‡		[illegible]	—	[illegible]	[illegible]	10.49	10.21
3pc 1992		[illegible]	—	[illegible]	[illegible]	3.06	8.36
Exch 12¼pc 1992		101¼xd	—	[illegible]	[illegible]	12.19	10.13
13½pc 1992		[illegible]	—	[illegible]	[illegible]	13.22	10.04
Treas 8¼pc 1993		[illegible]	—	[illegible]	94	8.37	9.59
10pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.97	9.83
12½pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.06	9.71
Funding 6pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	6.28	8.92
Treas 13¾pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.90	9.89
8½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	8.66	9.50
14½pc 1994‡‡		[illegible]	—	[illegible]	[illegible]	13.33	9.72
Exch 13½pc 1994		[illegible]	[illegible]	109	[illegible]	12.58	9.88
Treas. 10pc Ln. 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.92	9.58
Exch 12½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.78	9.88
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.13	9.50
12pc 1995		[illegible]	—	[illegible]	[illegible]	11.39	9.84
Exch 3pc Gas 90-95		[illegible]	[illegible]	89	[illegible]	3.36	6.84
10¼pc 1995		[illegible]	—	[illegible]	[illegible]	10.07	9.81
Treas 12¾pc 1995‡‡		[illegible]	—	[illegible]	[illegible]	11.64	9.84
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	12.47	9.89
9pc 1992-96‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.07	9.20
15¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.87	9.82
Exch 13¼pc 1996‡‡		[illegible]	—	[illegible]	108	11.95	9.76
Conversion 10pc 1996		101½	[illegible]	[illegible]	[illegible]	9.85	9.56
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.68	9.75
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	97¼	10.13	9.54
Treas 8¾pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.04	9.45
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	117	12.32	9.91
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	9.67	9.55
Treas 6¾pc 1995-98‡‡		86	—	[illegible]	[illegible]	7.58	9.07

BRITISH FUNDS - Cont.

	Notes	Price £	+or-	1991/92 high	1991/92 low	Yield Int.	Yield Red.
15½pc '98‡‡		127½	—	[illegible]	121¾	12.18	9.77
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	10.78	9.67
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.45	9.37
Exch 12¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	10.85	9.68
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	10.02	9.58
Conversion 10¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	9.89	9.56
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.29	9.38
Treas 13pc 2000		[illegible]	[illegible]	[illegible]	110½	10.97	9.73
10pc 2001		[illegible]	[illegible]	[illegible]	[illegible]	9.70	9.48
14pc '98-01		[illegible]	[illegible]	[illegible]	[illegible]	11.76	8.84
9¾pc 2002		[illegible]	—	[illegible]	[illegible]	9.55	9.42
9¾p 2002 C●		28		[illegible]	[illegible]		9.40
10pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	9.60	9.38
Treas 11½pc 2001-04		[illegible]	[illegible]	[illegible]	102	10.37	9.68
Funding 3½pc '99-04		[illegible]	[illegible]	[illegible]	[illegible]	5.62	8.42
Conversion 9½pc 2004		[illegible]	[illegible]	[illegible]	[illegible]	9.42	9.36
9½pc 2004 A		[illegible]	[illegible]	[illegible]	[illegible]	9.42	9.36
9½pc 2005		101	[illegible]	[illegible]	[illegible]	9.41	9.34
Treas 12½pc 2003-05		[illegible]	[illegible]	122¼	111	10.27	9.40
8pc 2002-06‡‡		[illegible]	—	[illegible]	[illegible]	8.96	9.33
Over Fifteen Years							
Treas 11¾pc 2003-07		[illegible]	[illegible]	[illegible]	[illegible]	10.15	9.40
8½pc 2007‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.05	9.23
13½pc '04-08		[illegible]	[illegible]	[illegible]	[illegible]	10.45	9.39
9pc 2008‡‡		[illegible]	—	[illegible]	[illegible]	9.16	9.18
8pc 2009		[illegible]	—	[illegible]	80	8.93	9.19
Conv 9pc Ln 2011‡‡		[illegible]	—	[illegible]	[illegible]	9.16	9.17
9pc 2011 B		[illegible]	—	[illegible]	[illegible]	9.16	9.17
Treas 5½pc 2008-12‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.31	9.18
7¾pc 2012-15‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.02	9.22
Exch 12pc '13-'17		128½	[illegible]	[illegible]	[illegible]	9.56	9.23
Undated							
Consols 4pc		41¾xd	[illegible]	[illegible]	[illegible]	9.68	—
War Loan 3½pc‡‡		37½	[illegible]	37¾	[illegible]	9.33	—
Conv 3½pc '61 Aft		[illegible]	—	61	57¼	5.78	—
Treas 3pc '66 Aft		[illegible]	—	31	28¼	9.78	—
Consols 2½pc		[illegible]	—	[illegible]	[illegible]	9.84	—
Treas. 2½pc		[illegible]	—	[illegible]	[illegible]	9.84	—

BRITISH FUNDS - Cont.

	Notes	Price £	+or-	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index-Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	[illegible]	[illegible]	[illegible]	[illegible]	2.89	3.67
2pc '96	(67.9)	[illegible]	[illegible]	[illegible]	[illegible]	3.32	3.92
2½pc '01	(78.3)	[illegible]	[illegible]	[illegible]	[illegible]	3.81	4.24
2½pc '03	(78.8)	[illegible]	[illegible]	[illegible]	133	3.99	4.26
2pc '06	(69.5)	[illegible]	[illegible]	[illegible]	135	4.07	4.29
2½pc '09	(78.8)	131	[illegible]	[illegible]	[illegible]	4.09	4.29
2½pc '11	(74.6)	135xd	[illegible]	[illegible]	[illegible]	4.11	4.30
2½pc '13	(89.2)	[illegible]	[illegible]	[illegible]	[illegible]	4.11	4.28
2½pc '16	(81.6)	[illegible]	[illegible]	[illegible]	[illegible]	4.11	4.27
2½pc '20	(83.0)	[illegible]	[illegible]	[illegible]	[illegible]	4.11	[illegible]
2½pc '24‡‡	(97.7)	[illegible]	[illegible]	[illegible]	[illegible]	4.08	4.23

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1991: 133.5 and for December 1991: 135.7.

OTHER FIXED INTEREST

	Notes	Price £	+or-	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		[illegible]	[illegible]	[illegible]	[illegible]	10.78	10.05
Asian Dev 10¼pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	10.33	9.79
B'ham 11½pc 2012		[illegible]	[illegible]	[illegible]	100½	11.33	10.73
Ireland Cap 8½pc '10		[illegible]		[illegible]	[illegible]	8.88	—
9pc Cap 1996		98½	[illegible]	[illegible]	93	9.17	—
13pc '97-02		[illegible]	—	115	109½	11.36	—
SLC 6¾pc 1990-92		[illegible]	—	[illegible]	[illegible]	6.82	—
Hydro Quebec 15pc 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.80
Int-Am Dev 12½pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	11.09	9.98
9¾pc 2015		[illegible]	[illegible]	[illegible]	[illegible]	10.37	9.91
Leeds 13½pc 2006		119	—	119½	110½	11.09	10.90
Liverpool 3½pc Irred		30½	—	31	28	11.87	—
LCC 3pc '20 Aft		27½	—	27¾	26	11.11	—
Manchester 11½pc 2007		106½	—	106¾	97½	11.27	10.64
Met. Wtr. 3pc 'B'		[illegible]	—	65	52	5.77	9.82
Welsh Anglia 3⅝pc 2021		[illegible]	—	[illegible]	162	—	5.52
4⅛pc IL 2024		106¼	[illegible]	107¾	104	—	5.16
Utd Mex States 16½pc 2008		124½	-½	125½	101	13.33	12.89

APPOINTMENTS

Hopkins quits NIIDB

Tony Hopkins, chief executive of the Industrial Development Board, Northern Ireland's main jobs promotion agency, is quitting after four years.

The announcement came as a surprise to business circles. A brief statement issued by the Department of Economic Development confirmed that Hopkins had been invited to take up a position in the private sector. As a permanent secretary, Hopkins is one of the highest paid civil servants in the province; his post carries a salary of over £60,000.

His resignation comes at a time of changes in direction for the organisation as a result of the government's emphasis on competitiveness.

Government sources stressed that his departure was unrelated to recent criticism of the IDB by Noel Stewart, senior partner of Coopers & Lybrand Deloitte. Stewart argued last week that the IDB did not have the calibre of executives required to achieve the government's new competitive strategy. He pointed out that it would take time to develop the skills required for such a sophisticated plan and he criticised the IDB's overseas operations.

Finance moves

■ Ian Moore is promoted to director of sales and development of CHESHIRE Building Society.

■ Garry Stephen has become a director of COUNTY NATWEST's investment banking group; he moves from Credit Suisse First Boston.

Gregg Whittaker is appointed director of NATWEST FINANCIAL PRODUCTS' risk development and marketing for the US.

■ Colin Humphreys is appointed to the board of PANMURE GORDON.

■ C G Wu is appointed general manager of Bank of China's London branch; he moves from deputy general manager of the second credit department at the Beijing head office.

■ Michael Beggs moves from Brown Shipley to become a director of GUINNESS MAHON Investment Management.

■ Roberto Marziale is appointed deputy chairman and md of CRAGNOTTI & PARTNERS Capital Investment (UK).

■ Christine Reeves (below left) is appointed a director of CHARTERHOUSE TILNEY.

■ David Godfrey (below right) is to be md of SWISS BANK Corporation's merchant banking operation in London; he moves from Bankers Trust.

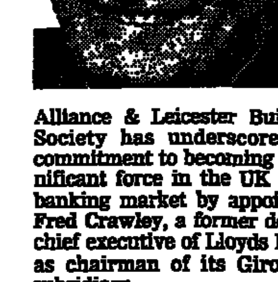
■ Lesley Knox, head of institutional business at Kleinwort Benson Investment Management, has become chairman of KLEINWORT BENSON INTERNATIONAL INVESTMENT. Colin Bradbury, Juliet Cohn, Simon Fenton, Georgina Perceval Maxwell and Richard Watt have been promoted to directors of KBII. Alastair Begg of KBIM joins the KBII board as chief investment officer and Keith Jecks, formerly president, becomes chief executive.

■ LLOYDS BANK has promoted Michael Riding, previously head of bank relations and money transmission services, to be general manager, commercial service. Peter Jameson is business development director.

■ Alan Rubenstein moves from Scottish Widows to become director and head of UK Equities at BARCLAYS DE ZOETE WEDD INVESTMENT MANAGEMENT.

■ Colin Matthews has been promoted to Bank of Scotland's divisional general manager, UK banking – England.

■ At ABBEY NATIONAL, Charles Toner is promoted to European director. His place as operations director is taken by Ian Harley, formerly finance director (retail operations). His place is taken by Graeme Johnston, formerly manager corporate development. Geoffrey Osbaldeston is promoted to director of commercial services and Paul Gardner-Bougaard becomes md of Cornerstone.



Alliance & Leicester Building Society has underscored its commitment to becoming a significant force in the UK retail banking market by appointing Fred Crawley, a former deputy chief executive of Lloyds Bank, as chairman of its Girobank subsidiary.

Crawley readily admits that Girobank is an institution which has never lived up to its potential, but says that this was partly because there was never enough money to promote its products properly. It was bought from the Post Office 18 months ago, and its new owner is intent on remedying this deficiency.

Crawley says that Girobank is 20 years ahead of the competition and has 2m customers, or 10 times as many as Midland's Firstdirect. He is particularly interested in building on its potential for telephone selling, as well as its traditional money transmission business.

Crawley, 65, is replacing Scott Durward, the society's chief executive who resigned last month. Crawley has been chairman of Alliance & Leicester since August 1990.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	35xd	+⅝	36⅝	20⅞	14,884	1.5
♥Allegheny & W	270p	+5	300p	218p	140.3	5.9
Amdahl	940pxd	+10	1018p	667p	1,946	0.6
Amer Cyanamid	34	+¼	42⅞	25⅝	3,178	2.4
Amer Express	12¾xd	+⅛	17⅞	9⅜	5,782	4.4
Amer T & T	22¾xd	+⅛	24½	15¾	29,225	3.1
Ameritech	35¼	+⅝	36⅞	32½	19,882	5.1
BankAmerica	21⅞xd	+¼	25⅜	12⅛	4,785	2.9
Bankers NY	33½xd	+⅞	38⅜	20⅛	2,888	7.4
Bell Atlantic	28xd	+⅛	30½	24¼	10,225	5.2
BellSouth	28⅝	+⅝	31¼	25	13,884	5.1
♥Bethlehem Steel	8¾xd	−⅛	11¼	6⅞	685.9	2.4
Bowater	1324p	−3	1839p	1042p	476.8	4.8
CPC	47½xd	+⅛	54⅛	37⅛	3,582	2.5
California Engy	731p	—	930p	420p	133.1	—
Campbell Soup h	21⅞	+1⅛	25	14⅛	5,428	1.7
Chase Manhattan	11⅞	+⅜	12¾	5⅛	1,814	5.5
Chrysler	7⅛xd	−¼	9⅜	5⅜	2,114	4.3
Citicorp	9xd	+¼	10⅜	4⅝	2,748	—
Colgate-Palm	28⅝xd	+⅝	27⅝	21⅛	3,872	2.1
Cont'l Bank	787p	+18	928p	438p	714.4	6.0
Dana	17⅝xd	+¼	21⅝	13⅝	724.8	4.8
Data General	888p	—	1200p	203p	244.2	—
Dial	26⅞xd	+⅜	28⅛	12⅞	1,840	2.8
Dun & Brad	31½	+1⅜	31⅝	20¾	5,621	3.7
Eaton	37⅜	−⅜	40	34¼	1,279	3.1
Echlin	8¾xd	+⅛	8⅛	5½	488.8	4.3
FPL	19⅞xd	+⅛	20½	14⅛	3,284	6.6
Fluor	25⅛xd	+⅛	30⅛	17⅛	2,088	0.8
Ford Motor	17⅝xd	−⅛	23¼	13	8,343	3.0
Gen Elect	44xd	+⅝	46⅛	28⅛	38,130	2.7
♥General Host	450p	−1	580p	270p	—	4.2
Gillette	28⅝xd	+⅝	49¼	20⅞	6,288	1.2
Hasbro	22¼	−¼	24	7⅛	1,276	0.6
Honeywell	46½xd	+⅛	49¼	21¾	2,788	2.2
Houston Inds	23¾	+⅛	24¼	17⅞	3,061	6.6
IBM	62⅞xd	+1⅜	72⅛	46	38,251	4.9
Ingersoll-Rand	32⅞xd	+¼	33⅛	18⅛	1,878	2.2
Lockheed	24⅛xd	+⅛	28⅛	16⅛	1,578	4.3
Lowe's	2130p	+40	2239p	1245p	777.4	1.4
Merrill Lynch	35½xd	+1⅜	39⅛	10⅛	3,805	1.5
Morgan (JP)	34⅞xd	+¼	38¼	21⅛	6,492	3.4
Morris (Philip)	43⅛xd	+⅛	44⅝	25⅛	39,983	2.6
NYNEX	42⅛	+⅛	48¼	39	8,890	5.7
♥Pac Agric	28½p	—	89p	15p	—	—
Pall h	17⅛	+⅛	17⅛	10⅛	1,404	1.0
Pennzoil	30⅛xd	−⅛	46⅛	28⅛	1,225	5.3
Quaker Oats	38⅞	+⅛	48⅜	24⅞	2,973	2.4
Rockwell	16½xd	−⅛	17⅛	12⅛	3,451	3.3
Rep NY	24⅛	−⅛	27⅛	16⅛	1,297	2.1
Sears, Roebuck	22¼xd	—	25⅛	12⅛	7,858	4.8
S'western Bell	34⅛xd	+⅛	35⅞	25⅛	10,872	4.4
Sun Co	16⅜xd	+⅛	20¼	14⅛	1,736	6.0
Tenneco	20xd	+⅜	27⅛	14⅞	2,449	4.3
Texaco	34⅞xd	−⅛	40½	29⅛	8,981	5.0
Texas Instr	19⅛xd	+⅝	20⅛	14⅛	1,587	2.0
Time Warner	61½xd	+¼	64½	37⅞	4,755	1.0
TRINOVA	12¼xd	+⅛	15⅝	8⅛	309.6	2.8
♥Unilab	585p	—	550p	250p	472.8	—
Utd Tech	29⅝xd	−⅛	31½	22⅞	3,883	3.2
♥Utilitech	66p	—	92p	42p	—	—
US West	20⅛	+⅛	23	18¼	6,583	5.3
Varity	828p	+18	1418p	578p	285.9	—
Waste Manage	24¾xd	+¼	25⅞	16⅝	11,788	0.9
Whirlpool	2310p	—	2469p	1053p	1,818	2.5
♥Woolworth	16¼	−⅛	20⅛	12¾	2,118	3.6

CANADIANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy	2p	—	11p	1¾p	—	—
Amer Barrick	1587p	−89	1842p	953p	2,181	0.3
Bk Montreal	22⅞	+⅛	23¼	13	2,682	5.2
Bk Nova Scot	1072pxd	—	1170p	538p	2,156	4.4
♥BC Gas	856p	—	870p	630p	—	3.8
BCE	23⅛	+⅛	24½	17¼	7,871	6.5
♥Brascan	955p	+21	10½	647p	787.6	5.9
♥Breakwater	16¼p	—	26p	6p	10.3	—
Can Imp Bk	1636p	+10	1816p	1180p	2,891	4.3
Can Pacific	967p	+21	11	756p	2,868	0.2
4pc Deb	35	—	37	30	16.4	11.4
♥Derlan	330p	+48	480p	246p	—	4.5
♥Echo Bay	458p	−8	620p	358p	473.2	1.0
♥ECO	28¼p	−1	151p	11⅞p	—	—
Granges	67½p	—	88p	52p	12.5	—
♥Gulf Can	270p	−5	320p	250p	425.1	7.8
♥Hawker Sid	10¾	—	14½	10	88.8	5.4
♥Hudson's Bay ♦	1540p	−2	2013p	876p	460.9	2.8
♥Imperial Oil	19⅞	+⅛	28¼	18	3,758	5.0
Inco	18½	+¼	23⅛	12½	1,948	2.9
♥Int Corona	340p	—	552p	316p	570.8	1.5
♥Moscocho	2¾p	—	4⅞p	2p	—	—
Nova Corp Alberta	360pxd	−6	404p	306p	1,097	3.5
♥Rio Algom	834p	+13	1091p	701p	394.8	5.2
Royal Bk Can	1322p	—	1450p	1022p	3,991	4.7
♥TVX Gold	183p	−2	250p	158p	29.7	—
♥Tarn Pure	2¼p	—	18p	1p	—	—
Toronto-Dom	888p	+15	1048p	736p	2,084	4.9
♥Trans Can Pipe	847p	+8	979p	719p	1,308	4.6

BANKS

Notes	Price	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's	P/E
ABN Amro Fl	£14¼	—	£14¼	£9⅛	3,661	6.1	♦
ANZ A$	187	—	202	121	1,906	4.8	15.6
Abbey National †	286	−3	311	211	3,746	4.4	9.3
Allied Irish I£ †	178	−4	186	128	1,162	5.2	13.0
Anglo Irish I£1 g	43	—	60½	42	61.8	9.3	6.3
Banco Bilbao Pta	£15xd	—	£18⅝	£12½	3,465	6.5	8.8
Banco de San Pta †	£30⅛	—	£30⅛	£21⅛	3,245	3.9	10.9
Bk Ireland I£ †h	152	−2	178⅝	115⅝	611.5	7.0	24.9
Bank Leumi Shk	£18#	—	£19½	£19	130.9	—	—
Bank Leumi (UK)	340	—	350	340	25.4	6.3	—

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MISCELLANEOUS - Cont.

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue
◆ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other offical estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue
h Assumed dividend yield after scrip issue.
k Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other offical estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other offical estimates for 1991
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	118.2	118.2	125.4	-0.1	9.17
High Inc Equity	6	123.5	126.0xd	134.6	-0.1	6.32
Worldwide Bond	6	222.9	222.9xd	236.7	+0.5	6.34
Capital Growth						
American Growth	6	207.8	207.8	222.2	+2.8	1.00
Asian Pacific	6	128.9	131.6	139.9	+1.8	1.12
Assets & Earnings	6	180.9	180.9xd	193.4	-0.2	3.10
Capital Reserve Acc	0	112.9	111.9	111.9	+0.1	6.78
Capital Reserve Inc	0	88.44	88.44	88.51	+0.06	6.78
Comdty & Energy	6	71.24	71.24	76.19	-0.20	1.79
1992 Enterprise	6	65.21	65.21	69.74	-0.08	2.95
Euro Capital Acc	6	87.41	87.41	93.48	-0.18	1.11
Euro Capital Inc	6	83.51	83.51	89.31	-0.18	1.12
General	6	166.8	166.8	178.3	-0.4	2.80
Japan	6	90.51	90.51xd	96.80	+0.48	-
Mastertrust	6	89.34	89.34	95.55	+0.26	2.68
UK Growth Acc	6	164.8	172.2	183.1	+0.5	2.18
UK Growth Dist	6	104.7	109.4xd	116.3	+0.3	2.22
US Emerging Cos	6	81.43	85.05	90.47	+2.14	-
Income & Growth	6	289.3	289.3xd	309.4	-0.4	4.52
Ethical	6	52.44	53.82	57.25	-0.06	2.72
International	6	62.12	62.98	66.99	+0.11	1.31
Dividend & Growth	6	45.82	46.99	49.98	+0.09	6.00
Global Gwth & Sec	6	52.83	53.12	56.51	+0.10	3.08
Aberforth Unit Trust Managers Ltd (1600)F						
14 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1081.0	1081.0	1139.0	+6.0	-
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Aber Inc & Growth	5¼	31.03	31.03	32.84	+0.40	2.42

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	76.82	78.09	83.52	+0.16	3.00
Do (Accum)	6	82.27	83.64	89.45	+0.17	3.00
Service Cos	6	64.03	64.03	68.49	+0.18	2.26
Do (Accum)	6	68.00	68.00	72.73	+0.19	2.26
Income Growth	6	39.78	39.78	42.55	+0.16	5.70
Do (Accum)	6	57.28	57.28	61.27	+0.22	5.70
Higher Yield	6	31.23	31.23xd	33.41	+0.03	4.90
Do (Accum)	6	40.73	40.73	43.56	+0.04	4.90
American Gth Inc	6	38.07	38.07	40.72	+0.77	0.63
Do (Accum)	6	38.80	38.80	41.50	+0.79	0.63
European Growth	6	25.00	25.00	26.73	.....	1.74
Do (Accum)	6	25.70	25.70	27.48	.....	1.74
Global Bond Inc	6	23.11	23.14	24.75	+0.03	6.48
Do (Accum)	6	27.43	27.46	29.37	+0.03	6.48
Managed P'folio Inc	6	25.96	26.04	27.85	+0.14	0.22
Do Accum	6	25.96	26.04	27.85	+0.14	0.22
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 412262						
Mngd P'folio Inc	6	78.75	78.75	83.87	+0.07	2.48
Mngd P'folio Acc	6	145.3	145.3	154.9	+0.10	-
UK General	6	117.3	117.3	124.9	+0.20	4.06
Conv & General	6	16.44	16.44xd	17.51	+0.12	10.87
European Inc	6	20.19	20.19	21.74	-0.08	0.52
European Acc	6	20.73	20.73	22.33	-0.08	-
Financial	6	92.92	92.98	99.02	-0.06	4.77
Foundation	6	60.20	61.79	65.81	-0.03	4.26
German	6	35.73	35.73	38.31	-0.02	0.10
Growth Inc (5-1)	5	23.33	23.33	24.85	..	3.73
Growth Acc (5-1)	5	26.52	26.56	28.28	+0.40	-
High Income	6	56.06	57.05	61.04	-0.03	7.16
Income	6	90.82	90.82	97.00	+0.14	5.59
Intl Income	6	76.33	76.33xd	81.29	-0.28	5.93
Intl Growth	6	29.49	29.49	31.41	+0.22	0.25
Monthly Income	6	54.03	55.93	59.57	+0.03	5.65
North American	6	84.07	84.50xd	90.26	+0.86	0.24
Orient	6	89.01	89.01	95.77	+1.09	-
Recovery	6	28.99	28.99	30.87	+0.08	3.83
Smaller Cos Acc	6	188.4	188.4	200.6	+0.90	-
Smaller Cos Inc	6	112.0	112.0	119.3	+0.70	1.93

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Manulife Management Ltd (1200)H						
St George's Way, Stevenage Dealings 071-256 5858						
Growth Units	5¼	131.0	131.0	140.7	-0.3	3.79
Gilt & Fxd Int	5	155.6	155.6	164.7	-0.2	7.48
Intl Growth	5¼	148.0	148.0	158.6	+2.1	0.43
North American	5¼	106.1	106.1	114.0	+0.2	0.37
Far East	5¼	122.5	122.5	131.3	+1.4	1.18
UK Smaller Cos	5¼	104.9	104.9	111.6	+0.5	2.41
European	5¼	52.95	52.95	56.46	-0.16	0.61
Japanese Growth	5¼	33.72	33.72	35.99	+0.36	0.00
Managed P'folio	5¼	48.56	48.56	51.93	+0.21	1.58

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
National Provident Inv Mgrs Ltd (1400)H						
48 Gracechurch St, EC3P 3HH 071-623 4200						
NPI American Acc	5	82.09	82.20	87.49	+0.96	0.66
NPI American Dist	5	76.09	76.20xd	81.06	+1.09	0.66
NPI European Acc	5	71.53	72.07	76.67	-0.32	0.67
NPI European Dist	5	69.41	69.94	74.40	-0.31	0.67
NPI Far East Acc	5	110.9	111.3	118.4	+0.70	0.38
NPI Far East Dist	5	109.5	109.9	116.9	+0.70	0.38
NPI Global Dist	5½	51.66	51.77	55.37	+0.02	3.30
NPI O'seas Acc	5	906.1	911.6	969.8	(z)	0.90
NPI O'seas Dist	5	701.4	705.7	750.7	+3.00	0.90

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242
Maldon General 0 | 103.5 103.5 106.6 | - | 5.46

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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INSURANCES

Abbey Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

Canada Life Group

Cannon Assurance Ltd

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Confederation Life Insurance Co

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Royal Exchange, EC3 071-283 7101

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Legal & General – Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group

St George's Way Stevenage Enquiries 0438 356101

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

OTHER UK UNIT TRUSTS

Continued on next page

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For National Fin see Target Life

National Mutual Life

National Provident Institution

Providence Capital Life Asst. Co Ltd	Bid Price	Offer Price	+ or –	Yield Gross
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc.	218.9	231.0	+0.9	–
UK Fixed Int Acc.	196.8	207.6	–0.1	–
Int'l Equities Acc.	178.3	188.1	+1.0	–
UK Managed Acc.	172.8	182.2	–0.5	–
Property Acc.	225.6	238.0	.....	–
Money Acc.	135.2	142.7	.....	–
Special Market Acc.	153.9	162.4	+4.4	–
Japan Equity Acc.	95.1	100.4	+0.9	–
North American Acc.	109.3	115.3	+2.5	–
Pacific Acc.	94.5	99.7	+0.7	–
Technology Acc.	144.0	152.0	+5.3	–
Nat Resources Acc.	57.5	60.7	–0.4	–
European Acc.	102.0	107.6	+0.1	–
Residential Prop Acc.	85.0	89.7	.....	–
Swiss Equities Acc.	33.8	35.7	.....	–
Hong Kong Acc.	72.9	77.0	+0.9	–
UK High Inc Eq Acc.	70.4	74.3	–0.2	–
Int Fixed Interest Acc.	61.9	65.4	–0.3	–
Int Managed Acc.	57.7	60.8	+0.1	–
HIP Managed Acc.	117.6	124.0	+0.2	–
HIP Managed II Acc.	103.9	109.5	+0.3	–
HIP Managed III Acc.	112.0	118.1	+0.3	–
Total Investment Bond				
UK Equity Initial		148.2	–0.6	–
UK Fixed Int Initial		133.4	–0.1	–
Int'l Equities Initial		120.0	+0.7	–
UK Managed Initial		117.2	–0.2	–
Property Initial		154.0	.....	–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

Hypo Foreign & Colonial Port Fd Sicav – Contd.

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
British Equity		$–	8.97		(z)	–
Nth American Bond		$–	10.97		(z)	–
Multi-Currency Bond		$–	11.38		(z)	–
Sterling Bond		£–	9 61		(z)	–

INVESCO MIM International Limited (u)
PO Box 271, St Helier, Jersey 0534 73114

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Asia Super Gwth Fd		$–	13.49	14.20	+0.08	–
Income Plus*		$–	10.77	11.35	....	9.27
Maximum Income		£–	0.96xd	1.02	+0.01	11.08
Okasan Global Strat		$–	16.12xd	16.97	+0.07	–
Warrant Funds						
FS Nth American Wrnt		$–	7 63	8.18	+0.17	–
FS North Amer Wrnt £		£–	4.23	4.54		–
Asia Tiger Warrant		$–	1.66	1.79	+0.01	–
Asia Tiger Warrant £		£–	0.92	0.99	.....	–
European Warrant		$–	1.78	1.91	-0.02	–
European Warrant £		£–	0.99	1.06		–
Nippon Warrant		$–	3.96	4.25	-0.01	–
Nippon Warrant £		£–	2.20	2.36		–
Premier Select Funds						
American Growth		$–	5.26	5 64	+0.06	–
American Enterprise		$–	7.80	8.36	+0.06	–
Asia Tiger Gwth		$–	5.39	5 78	+0.02	–
Dollar Reserve		$–	5.12	5 13		–
European Growth		$–	4.13	4.43	-0.04	–
European Enterprise		$–	4 75	5.09	-0.01	–
Global Emging Mkts		$–	5.46	5.86	+0.02	–
Global Growth		$–	4 63	4 97	+0.03	–
Nippon Enterprise		$–	5.80	6.22	+0.01	–
Nippon Growth		$–	4.25	4.56	+0.10	–

* Twice weekly

For Ivory & Sime see Abtrust

Kleinwort Benson Japanese Warrant Fund
14 rue Aldringen Luxembourg 010 352 4799-1

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NAV		$–	7 477			

Kleinwort Benson Select Fund (u)
14 Rue Aldringen L-1118 Luxembourg 010 352 47991

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
British		Ecu–	1.92	2.03		–
Emerging Asia		Ecu–	1.73	1.84		–
European		Ecu–	1.81	1.92		–
International		Ecu–	1.70	1.81		–
Japanese		Ecu–	1.59	1.69		–
Kansallis World		FM–	12.56	13.32		–
North American		Ecu–	2.12	2.25		–
Pacific		Ecu–	1.74	1.85		–
Dollar Bond		$–	1.96	2.06		–
International Bond		Ecu–	2.03	2.13		–
Sterling Bond		£–	1.97	2.07		–

Latin American Management Co Ltd (u)
Exchange Hs, Primrose St, Ldn, EC2A 2NY 071-628 1234

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Argentinian Inv Co		$–	29.68			–
Brazilian Inv Co SICAV		$–	23.52		+0.65	–

LUXEMBOURG (REGULATED)(**)

Credit Commercial de France

	Bid Price	Offer Price	+ or -	Yield Gross
Euro Smlr Cos Class A	Ecu12.80			–
Euro Smlr Cos Class B	Ecu12.80			–
CAI Actibonds (u)	$37.05		-0 08	–
Euro Prestige Cls A (u)	Ecu9. 07		–	–
Euro Prestige Cls B (u)	Ecu11.00			–

Credit Suisse

	Bid Price	Offer Price	+ or -	Yield Gross
CS Money Mkt Fd US$	$1669.21	1669.21		–
CS Money Mkt Fd DM	DM1676.65	1676.65		–
CS Money Mkt Fd £	£2009.29	2009.30		–
CS Money Mkt Fd Yen	Y134 908	134 909		–
CS Money Mkt Fd Ecu	Ecu1146.92	1146.93		–
CS Money Mkt Fd C$	C$1152.62	1152.65		–
CS Money Mkt Fd SFr	SFr1011.82	1011.83		–
CS Money Mkt Fd DFl	Dfl1024.66	1024.67		–
CS Money Mkt Fd Lire	L1193.56	1193.57		–
CS Money Mkt Fd FFr	FFr5126.35	5126.36		–
CS Prime Bond DM A	DM95.16	96.12		–
CS Prime Bond DM B	DM114.40	115 84		–
CS Short-Trm Bd $ A	$102.50	102.51		–
CS Short-Trm Bd $ B	$143.29	143.30		–
CS Short-Trm Bd DM A	DM95.64	95.65		–
CS Short-Trm Bd DM B	DM128.07	128 08		–
CS Ecu Bd A	Ecu98.17	99 16		–
CS Ecu Bd B	Ecu143.79	145.25		–
CS Golden Bd A	DM93.77	94.72		–
CS Golden Bd B	DM124 83	126.09		–
CS Gold Valor	$117 19	119 42		–
CS Euro Blue Chip A DM	DM230 12	234 72		–
CS Euro Blue Chip B DM	DM234.38	239 08		–
CS Europa Bd A/B DM	DM359 01	361 61		–
CS Europa Bd A/B SFr	SFr312.33	315.26		–
CS Tiger	$670 77	696 95		–
CS Gold Mines A/B $	$198.42	202.40		–
CS Prime Metal A/B $	$186.40	190.14		–
CS H'pano Iberia A Pts	Pts22 350	22 797		–
CS Hispano Iberia B Pts	Pts22 929	23 389		–
CS Euro Fin A/B	DM213 42	217 70		–
CS Euro Fin A/B	SFr189 00	192.79		–
CS Fixed Int SFr 7% 1/96	100.71	–		–
CS Fixed Int DM 8pc 1/96	100 28	–		–
CS Fixed Int ECU 8¾pc 1/96	97 77	–		–
CS Germany Fd A/B DM	DM242 93	247.79		–
CS N American A/B US$	$213.68	217 96		–
CS UK A/B £Stg	£97.51	99 47		–
CS France A/B FF	FFr1008.41	1008.62		–

Daiwa Japan Gem Fund
Daiwa Japan Gem. $8 68 8.81 +0 04

Daiwa Japan Small Equity Fd (u)
Daiwa Japan Small Eq $9.58 +0.18

Dean Witter World Wide Invest. Tst SA
NAV $27.05

The Dragon Fund Sicav
NAV Jan 21 $107.72

Dresdnerbank Asset Management SA (u)
Thornton-Lux Tiger DM69.15 72.61

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund–SICAV

World Trust Fund

Yamaichi Advanced Technology Fd

Yamaichi 1992 OMNI Fund SICAV

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Investments AG

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Aetna Malaysian Growth Fd (Cayman) Ltd

Alliance Capital

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady ahead of G7

The dollar remained the focus of a tense day on the foreign exchange markets, maintaining a tight range against both the yen and the D-Mark ahead of this weekend's meeting of finance ministers and central bankers from the Group of Seven countries, *writes Simon London*.

Although rumours of possible central bank intervention on Wednesday failed to materialise, dealers were unwilling to test the US and Japanese authorities determination to cap the value of the dollar. However, there were few natural sellers of the US currency, leading to an uneasy stalemate.

The dollar was confined to a very tight range overnight in the Far East. The US unit closed at Y123.23 and DM1.5900 in Tokyo, from Y123.35 and DM1.8595 in New York.

The Y123 resistence was tested several times but the yen was unable to break through. Many analysts are still expecting an appreciation of the Japanese currency to Y120 before the end of this month. There is speculation that the G7 meeting will back a stronger yen as a means of capping the large Japanese trade surplus.

In European trading, the restricted pattern continued with US currency rising against the D-Mark but remaining within its established range, reaching DM1.5942 early in London before softening. The US currency closed in London at DM1.5950 from DM1.5875 on Wednesday; Y123.85 from Y123.20; and £1.7960 from £1.8070.

However, shortly after the London market had closed the dollar rallied sharply, breaking through DM1.60. Stop-loss trading orders were triggered and the US currency briefly touched DM1.6155 and Y124.45 before falling back.

Dealers were unwilling to ascribe significance to the short-lived rally. There were reports that an order to buy dollars against the Swiss franc started the move in thin US trading.

With the dollar subdued, attention also focussed on the the yen/D-Mark cross exchange rate. The German currency closed at Y77.68 in Tokyo, having tested resistence at Y77.00 but proved resilient. During European trading the D-Mark rose to Y77.80 until the late rally of the dollar in New York pushed it back down to Y77.35.

Within the European exchange rate mechanism, sterling gained most against the D-Mark during the morning session, rising to a high of DM2.8750. Analysts said that the rise was backed by expectations of tax cuts to stimulate the UK economy when 1991 budget measures are announced on March 10.

However, trading in sterling remains driven by political factors, including the weekly round of opinion polls published in Sunday newspapers. Dealers commented that they were wary of holding long sterling positions over the weekend. By the close the UK currency had fallen back to DM2.8650, from DM2.8675 on Wednesday.

£ IN NEW YORK

Jan.23	Latest	Previous Close
£ Spot	1.7870-1.7880	1.8055-1.8065
1 month	1.00-0.99pm	0.99-0.98pm
3 months	2.81-2.79pm	2.83-2.82pm
12 months	9.48-9.43pm	9.60-9.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.23	Previous
8.30 am	90.8	90.7
9.00 am	90.8	90.7
10.00 am	90.7	90.7
11.00 am	90.7	90.7
Noon	90.7	90.7
1.00 pm	90.7	90.7
2.00 pm	90.7	90.7
3.00 pm	90.7	90.7
4.00 pm	90.6	90.7

CURRENCY MOVEMENTS

Jan 23	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.6	-20.8
U.S. Dollar	62.1	-17.2
Canadian Dollar	102.9	+0.9
Austrian Schilling	110.0	+12.1
Belgian Franc	111.7	-1.7
Danish Krone	109.2	+3.3
D-Mark	118.8	+25.3
Swiss Franc	108.8	+17.5
Dutch Guilder	114.7	+16.5
French Franc	103.2	-12.8
Lira	98.9	-19.6
Yen	146.2	+83.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jan.22

CURRENCY RATES

Jan 23	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.780166	0.712043
U.S. Dollar	3.50	1.41054	1.28246
Canadian $	7.33	1.62861	1.49086
Austrian Sch	7.50	15.7191	14.3661
Belgian Franc	8.50	46.0788	42.0423
Danish Krone	9.50	8.67129	7.91792
D-Mark	8.00	2.23571	2.04142
Dutch Guilder	8.50	2.51640	2.29881
French Franc	10¼	7.62467	6.96184
Italian Lira	12	1682.67	1536.84
Japanese Yen	4.50	174.272	158.320
Norway Krone	8	8.78484	8.01731
Spanish Peseta	-	141.174	128.925
Swedish Krona	10.00	8.13599	7.42289
Swiss Franc	7.00	1.97969	1.81019
Greek Drach	19	255.134	235.729
Irish Punt	-	N/A	0.766289

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Jan.22

OTHER CURRENCIES

Jan 23	£	$
Argentina	1.7830 - 1.7860	0.9900 - 0.9910
Australia	2.4115 - 2.4135	1.3390 - 1.3400
Brazil	2226.05 - 2227.50	1235.80 - 1236.00
Finland	7.7925 - 7.8060	4.3300 - 4.3330
Greece	328.250 - 333.500	181.900 - 184.810
Hong Kong	13.9650 - 13.9780	7.7570 - 7.7590
Iran	2500.00*	1417.00*
Korea(Sth)	1368.15 - 1390.20	760.00 - 769.00
Kuwait	0.51800 - 0.51830	0.28800 - 0.28830
Luxembourg	58.90 - 59.00	32.80 - 32.90
Malaysia	4.8125 - 4.8205	2.6755 - 2.6775
Mexico	5337.25 - 5349.25	3060.50 - 3061.50
N.Zealand	3.3290 - 3.3335	1.8480 - 1.8505
Saudi Ar.	6.7305 - 6.8075	3.7495 - 3.7505
Singapore	2.9360 - 2.9430	1.6320 - 1.6340
S.Af.(Cm)	5.0060 - 5.0175	2.7845 - 2.7860
S.Af.(Fn)	5.7740 - 5.8685	3.2050 - 3.2575
Taiwan	45.40 - 45.50	25.20 - 25.25
U.A.E.	6.5905 - 6.6675	3.6715 - 3.6735

*Floating rate. Iran Official rate £119.00 $67.00

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 23	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.925	-3.52	5.90	61
Belgian Franc	42.4032	42.0423	-0.85	3.05	39
Dutch Guilder	2.31643	2.29881	-0.76	2.96	35
D-Mark	2.05586	2.04142	-0.70	2.90	42
Irish Punt	0.767417	0.766289	-0.15	2.32	5
Italian Lira	1538.24	1536.84	-0.09	2.27	3
Danish Krone	7.84195	7.91792	0.97	1.19	-46
French Franc	6.89509	6.96184	0.97	1.19	-55
Sterling	0.696904	0.712043	2.17	0.00	-43

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7925 - 1.8060	1.7955 - 1.7965	1.00-0.98cpm	6.61	2.80-2.77pm	6.20
Canada	2.0705 - 2.0865	2.0750 - 2.0760	0.66-0.59cpm	3.61	1.88-1.74pm	3.49
Netherlands	3.2185 - 3.2355	3.2200 - 3.2300	¼-⅛cpm	0.93	⅞-½pm	0.85
Belgium	58.80 - 59.20	58.90 - 59.00	8-3cpm	1.12	17-11pm	0.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.29-5.24cpm. 12 Month 9.52-9.42pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.20
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.10
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.77
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.37
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.24
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.79
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.32
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-10.35
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-8.43
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.49
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.26
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.79
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-8.12
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.92
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.49
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.42
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.13

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 23	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years 6⅝-6¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.23	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.796	2.865	222.3	9.770	2.545	3.225	2157.	2.076	58.95	1.404
$	0.557	1	1.595	123.8	5.440	1.417	1.796	1201.	1.156	32.82	0.782
DM	0.349	0.627	1	77.59	3.410	0.888	1.126	752.9	0.725	20.58	0.490
YEN	4.498	8.079	12.89	1000.	43.95	11.45	14.51	9703	9.339	265.2	6.316
F Fr.	1.024	1.838	2.932	227.5	10.	2.605	3.301	2208	2.125	60.34	1.437
S Fr.	0.393	0.706	1.126	87.35	3.839	1	1.267	847.5	0.816	23.16	0.552
N Fl.	0.310	0.557	0.888	68.93	3.029	0.789	1	668.8	0.644	18.28	0.435
Lira	0.464	0.833	1.328	103.1	4.529	1.180	1.495	1000.	0.962	27.33	0.651
C $	0.482	0.865	1.380	107.1	4.706	1.226	1.553	1039	1	28.40	0.676
B Fr.	1.696	3.047	4.860	377.1	16.57	4.317	5.471	3659	3.522	100.	2.382
Ecu	0.712	1.279	2.041	158.3	6.959	1.813	2.297	1536	1.479	41.99	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%: [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%: [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%: [illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100%: [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%: [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%: [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT: [illegible]

US TREASURY BONDS 8%: [illegible]

6% NOTIONAL GERMAN GOVT. BOND: [illegible]

Estimated volume 74179 (75641)
Previous day's open int. 121128 (120190)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Mar	103.41	103.49	103.41	
Jun	103.30			

Estimated volume 711 (1441)
Traded exclusively on APT

9% NOTIONAL ECU BOND ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Mar	103.22	103.21	103.00	103.11
N				
A				

Estimated volume 145 (110)
Previous day's open int. 275 (307)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Mar	98.78	98.87	98.59	98.63
Jun	98.90	98.90	98.73	98.73

Estimated volume 7115 (8564)
Previous day's open int. 21197 (20268)

THREE MONTH STERLING * £500,000 points of 100%

	Close	High	Low	Prev.
Mar	89.74	89.79	89.73	89.72
Jun	90.10	90.15	90.08	90.07
Sep	90.41	90.47	90.41	90.42
Dec	90.53	90.58	90.52	90.52
Mar	90.61	90.64	90.59	90.57
Jun	90.63	90.68	90.60	90.60

Est. Vol (inc. figs. not shown) 34400 (28999)
Previous day's open int. 190218 (187154)

THREE MONTH EURODOLLAR * $1m points of 100%

	Close	High	Low	Prev.
Mar	95.82	95.86	95.82	95.85
Jun	95.64	95.67	95.63	95.68
Sep	95.32	95.35	95.31	95.38
Dec	94.72	94.76	94.76	94.78

Est. Vol. (inc. figs. not shown) 2688 (2936)
Previous day's open int. 37820 (37669)

THREE MONTH EUROMARK * DM 1m points of 100%

	Close	High	Low	Prev.
Mar	90.63	90.66	90.63	90.66
Jun	91.12	91.17	91.11	91.16
Sep	91.55	91.58	91.55	91.57
Dec	91.80	91.82	91.80	91.82
Mar	92.11	92.15	92.10	92.14
Jun	92.27	92.29	92.24	92.28

Estimated volume 39371 (48571)
Previous day's open int. 215246 (214683)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	89.98	90.01	89.96	89.99
Jun	90.49	90.55	90.50	90.50
Sep	91.07	91.07	90.99	91.05
Dec	91.26	91.29	91.25	91.33

Estimated volume 912 (1075)
Previous day's open int. 7359 (6985)

THREE MONTH EURO SWISS FRANC SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.47	92.54	92.45	92.47
Jun	92.78	92.84	92.78	92.79
Sep	93.05	93.13	93.05	93.07
Dec	93.22	93.26	93.24	93.23

Estimated volume 6228 (9985)
Previous day's open int. 27774 (26680)

FT-SE 100 INDEX * £25 per full index point

	Close	High	Low	Prev.
Mar	2556.0	2574.0	2540.0	2558.0
Jun	2590.0	2600.0	2600.0	2592.0
Sep				

Estimated volume 8497 (7153)
Previous day's open int. 36947 (36539)

FT-SE EUROTRACK 100 INDEX DM50 per full index point

	Close	High	Low	Prev.
Mar	1155.0			1155.0
Jun				

Estimated volume 0 (0)
Previous day's open int. 137 (137)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%: [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100: [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM: [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%: [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%: [illegible]

BRITISH POUND (IMM) $s per £

	Latest	High	Low	Prev.
Mar	1.7860	1.7884	1.7848	1.7866
Jun	1.7620	1.7620	1.7590	1.7608
Sep	1.7390	1.7390	-	1.7370

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	419.00	[illegible]	[illegible]	[illegible]
Jun	420.30	[illegible]	[illegible]	[illegible]
Sep	421.80	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7049	0.7064	0.7044	0.7053
Jun	0.6990	0.7005	0.6985	0.6994
Sep	-	-	-	0.6944

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.725	7.55	7.81	8.02	8.41	0.43	[illegible]	[illegible]	[illegible]
1.750	5.46	5.92	6.24	6.79	0.87	[illegible]	[illegible]	[illegible]
1.775	3.61	4.27	4.70	5.44	1.64	[illegible]	[illegible]	[illegible]
1.800	2.24	2.98	3.47	4.28	2.72	[illegible]	[illegible]	[illegible]
1.825	1.29	2.06	2.55	3.32	4.32	[illegible]	[illegible]	[illegible]
1.850	0.67	1.35	1.80	2.59	6.17	[illegible]	[illegible]	[illegible]
1.875	0.31	0.84	1.24	1.96	8.25	[illegible]	[illegible]	[illegible]

Previous day's open int: Calls N/A Puts N/A (All currencies)
Previous day's volume: Calls N/A Puts N/A (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low
March	108.90	108.88	-0.04	108.96	[illegible]
June	109.94	109.92	-0.04	109.94	[illegible]
September	109.98	109.96	-0.04	109.98	[illegible]

Estimated volume 154,462 Total Open Interest 166,303

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low
March	90.39	90.35	-0.06	90.42	[illegible]
June	90.94	90.87	-0.08	90.94	[illegible]
September	91.29	91.24	-0.06	91.29	[illegible]
December	91.50	91.49	-0.04	91.51	[illegible]

Estimated volume 21,710 Total Open Interest 51,779

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low
January	1864.0	1852.0	-3.0	1864.0	[illegible]
February	1877.0	1867.0	-3.5	1877.0	[illegible]
March	1896.0	1881.5	-3.0	1896.0	[illegible]
June	1893.0	1898.0	-2.5	1904.5	[illegible]

Estimated volume 12,429 Total Open Interest 30,528

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low
March	109.04	109.06	+0.2	109.10	[illegible]

Estimated volume 5,827 Total Open Interest 6,381

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	-	-	-	0.05	[illegible]	[illegible]
107	1.96	-	-	0.11	[illegible]	[illegible]
108	1.17	-	-	0.28	[illegible]	[illegible]
109	0.54	-	-	0.64	[illegible]	[illegible]
110	0.20	1.08	1.50	-	[illegible]	[illegible]
111	0.05	0.69	1.08	-	[illegible]	[illegible]
112	-	0.41	-	-	[illegible]	[illegible]
113	-	0.23	-	-	[illegible]	[illegible]
Open Int	126,432	37,769	4,660	104,327	27,233	250

Estimated volume 30,852 Total Open Interest 300,671

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7960	1.7861	1.7681	1.7433	1.7013

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

European rates held

European money market rates were steady yesterday, with central banks across the continent maintaining current interest rates ahead of the weekend's meeting of finance ministers and central bankers of the Group of Seven countries, *writes Simon London*.

The Bank of Spain held its intervention rate unchanged at 13.65 per cent at its regular money market operations, injecting Pta1,540bn.

Some analysts had speculated that the rate might be shaved to ease the pressures on sterling within the European exchange rate mechanism. However, with sterling trading comfortably above its maximum permitted divergence against the peseta this week, and the Spanish authorities maintained a tight policy stance.

In Germany, the Bundesbank council left credit policy unchanged at its regular bi-weekly meeting. Call money rates were also unchanged at 9.40/50 per cent. Analysts commented that lower than expected reserve requirements for January, at DM77.6bn, contributed to the stable tone of the market.

The Bank of France also maintained its intervention rate, at 9.6 per cent. The Bank injected FFr45bn at this rate, a net increase of FFr16.2bn over expiring funds.

In London, the Bank of England forecast another substantial liquidity shortage, £1.2bn later revised to £1.15bn. Overnight unsecured money rates rose to 14-13½ per cent by midday, from 11 - 10¾ per cent on Wednesday.

In early assistance, the Bank bought £379m paper for resale to the market on February 10 at 10⅞ per cent, the same repurchase terms as on Wednesday. In late morning a further £99m was injected. through the outright purchase of band 1 band and treasury bills at 10¾ per cent and a further £75m repurchase paper.

Early afternoon assistance was more substantial, with the authorities able to inject £685m band 1 and band 2 bills, again at 10¾ per cent. This was enough to ease liquidity conditions and overnight rates subsided to 11 - 10 per cent by mid-afternoon.

Overnight money closed at 11¼ - 11 per cent; one-month interbank funds closed at 10¹³⁄₁₆ - ¹¹⁄₁₆ per cent; three-month interbank funds at 10¹¹⁄₁₆ - ⁹⁄₁₆ per cent.

The March short sterling contract on the London International Financial Futures Exchange closed little changed at 89.76.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.23) 3 months US dollars: bid [illegible] offer [illegible]; 6 months US Dollars: bid 4⅛ offer 4¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds: [illegible]

Lunchtime: Prime rate [illegible]; Broker loan rate [illegible]; Fed.funds [illegible]; Fed.funds at intervention [illegible]

Jan.23	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.75
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.60
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-

LONDON MONEY RATES

Jan 23	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): [illegible] ... December 31, 1991 ... 11.80 p.c., Scheme [illegible] ... 1991. Scheme [illegible] ... seven days' fixed ... sums at seven days' notice ... over held under [illegible] ... six-nine months ... 5.1991. Deposits withdrawn for cash [illegible] per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

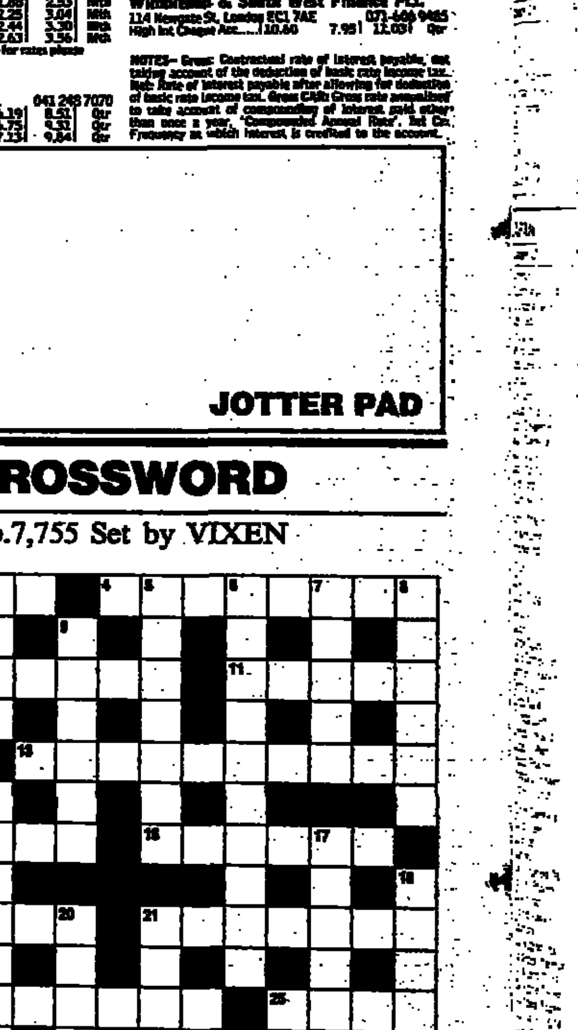
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,755 Set by VIXEN



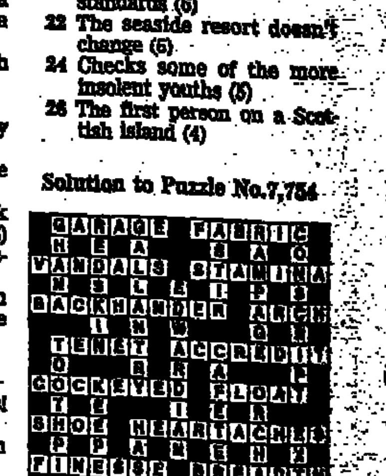
ACROSS

1 Hammered when a couple of thousand in the red (6)
4 The dreamer is idle at work (8)
10 Study brochures and get bonds (9)
11 Cattle fodder in Northern Europe (5)
12 Not all of the deaf are so remote (4)
13 A writer went on about the French and got through (10)
15 Strange gear – it's worn by a bishop (7)
16 Kind of shirt taken by a music man for a tour? (6)
19 About a hundred, and a character – has created a niche (6)
21 The Sultan getting fresh food in (7)
23 Projected drama (10)
25 Minor backing, for evenly matched teams? (4)
27 A woman preparing a rice concoction (5)
28 Away from business, look gloomy and out of sorts (3-6)
29 Divides the underworld classes (8)
30 Caught a worker retiring on the quiet to have a little rest (3-3)

DOWN

1 Soldiers make an attack – just what the battery needs! (8)
2 A fighting man holds with fruit being provided (9)
3 He wants listening equipment left behind (4)
5 Decline scented make-up (7)
6 Sailing men eye expert – may be taken in (10)
7 To shut up about entering it is pointless (5)
8 Stylish attempt to encompass an objective (6)
9 Approach for credit? (6)
14 Bring down the rate (10)
17 Widened or otherwise, this offers excellent cover (9)
18 A quarter now work without a medical attendant – such a bloomer (8)
20 Stay if there's a little drink left (7)
21 Employees used to keep up standards (6)
22 The seaside resort doesn't change (5)
24 Checks some of the more insolent youths (5)
26 The first person on a Scottish island (4)

Solution to Puzzle No.7,754



WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY | GERMANY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWEDEN (continued) | SWITZERLAND | ITALY | SOUTH AFRICA | JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | MALAYSIA | SINGAPORE

Price data supplied by Telekurs.

CANADA

TORONTO

3:00 pm prices January 23

Quotations in cents unless marked $

Total Sales 15,473,800 shares

MONTREAL

3:00 pm prices January 23

INDICES

NEW YORK

DOW JONES	Jan 22	Jan 21	Jan 20	Jan 17	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	3255.81	3223.39	3254.03	3264.98	3264.98 (17/1)	3172.41 (2/1)	3264.98 (17/1/92)	41.22 (2/7/32)
Home Bonds	99.38	99.40	99.49	99.61	99.61 (17/1)	98.96 (2/1)	99.61 (17/1/92)	54.99 (1/10/81)
Transport	1407.14	1391.07	1411.43	1421.90	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	215.20	212.19	212.26	211.82	225.59 (3/1)	211.82 (17/1)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 3272.81 (3275.49) Low 3190.97 (3194.10)

STANDARD AND POOR'S

	Jan 22	Jan 21	Jan 20	Jan 17	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	418.13	412.64	416.36	408.86	420.77 (15/1)	412.64 (21/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	496.18	490.04	495.14	498.15	499.27 (15/1)	490.04 (21/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.47	33.82	34.29	34.68	35.14 (15/1)	33.82 (21/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	230.19	227.64	229.67	230.96	231.85 (15/1)	227.64 (12/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	413.18	410.51	415.33	415.32	415.33 (20/1)	395.51 (2/1)	418.33 (20/1/92)	29.31 (9/12/72)
NASDAQ Composite	620.68	608.89	619.38	626.85	630.82 (15/1)	586.45 (2/1)	630.82 (15/1/92)	54.87 (31/10/72)

	Jan 17	Jan 10	Jan 3	year ago (approx.)
Dow Industrial Div. Yield	2.83	2.89	2.90	3.90
	Jan 15	**Jan 8**	**Dec 31**	**year ago (approx.)**
S & P Industrial div. yield	2.52	2.54	2.55	3.31
S & P Indl. P/E ratio	25.76	25.51	25.35	15.92

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Chemical Bank	10,914,000	27⅝	- ¼
Comp Assoc	6,195,700	15¾	+ 3¼
Glaxo	4,274,200	31⅞	+ ⅛
ADV Micro	2,910,600	21	+ 1
Unisys	2,699,000	5⅝	+ ⅛
Baxter Int	2,684,600	37	- ⅜
Chase Man	2,669,700	21½	+ ⅝
RJR Nabisco	2,180,800	10⅜	+ ¼
Amer Express	1,922,400	22¼	+ ⅞
Citicorp	1,904,600	14⅜	+ ½

TRADING ACTIVITY

† Volume (Millions)	Jan 22	Jan 21	Jan 20
New York SE	225.030	218.650	180.870
Amex	19.182	17.946	17.343
NASDAQ	251.173	265.438	209.691
NYSE			
Issues Traded	2,197	2,194	2,193
Rises	1,138	570	749
Falls	619	1,188	941
Unchanged	440	436	503
New Highs	85	79	90
New Lows	3	5	4

CANADA

TORONTO	Jan 22	Jan 21	Jan 20	Jan 17	1992 HIGH	1992 LOW
Metals & Minerals	3161.98	3111.62	3200.40	3235.89	3238.87 (16/1)	2935.22 (2/1)
Composite	3638.79	3620.44	3655.67	3658.29	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1920.92	1908.90	1930.23	1931.97	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 23	Jan 22	Jan 21	Jan 20	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1635.5	1631.5	1646.9	1667.6	1675.6 (15/1)	1631.5 (22/1)
All Mining (1/1/80)	692.3	691.2	697.7	703.5	703.5 (20/1)	660.3 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	407.10	404.24	405.04	402.21	437.47 (15/1)	372.24 (2/1)
BELGIUM						
BEL20 (1/1/91)	1183.63	1176.84	1181.69	1161.81	1183.63 (23/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	360.71	359.37	360.03	362.85	365.29 (15/1)	354.37 (2/1)
FINLAND						
HEX General (28/12/90)	854.8	848.4	869.4	881.1	894.5 (16/1)	779.0 (2/1)
FRANCE						
CAC General (31/12/82)	498.74	501.36	504.35	502.37	504.35 (21/1)	475.53 (2/1)
CAC 40 (31/12/87)	1838.69	1841.32	1867.91	1865.85	1873.63 (15/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	680.83	685.12	687.20	677.06	687.20 (21/1)	643.26 (8/1)
Commerzbank (1/12/53)	1925.1	1937.8	1943.5	1913.0	1943.5 (21/1)	1813.8 (8/1)
DAX (30/12/87)	1682.11	1680.10	1685.29	1677.17	1685.29 (21/1)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4625.84	4550.72	4522.21	4510.47	4625.84 (23/1)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1447.95	1457.77	1463.75	1462.37	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	548.27	537.97	539.96	546.25	551.03 (16/1)	507.43 (2/1)
JAPAN						
Nikkei (16/5/49)	21580.72	21534.12	20858.30	20913.02	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1610.78	1603.81	1569.43	1574.91	1763.43 (6/1)	1569.43 (21/1)
2nd Section (4/1/68)	2308.79	2293.23	2292.32	2312.32	2499.85 (6/1)	2292.32 (21/1)
MALAYSIA						
KLSE Composite (4/4/86)	571.64	572.27	570.57	572.23	572.27 (22/1)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	288.0	288.3	289.1	287.2	289.1 (21/1)	274.0 (8/1)
CBS All Shr (End 1983)	202.2	202.5	203.0	201.7	203.0 (21/1)	192.4 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	711.45	728.88	729.92	741.50	748.03 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1282.28	1281.31	1301.00	1303.00	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	416.90	416.92	416.99	415.66	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1285.0§	1303.0	1327.0	1312.0	1327.0 (21/1)	1119.0 (2/1)
JSE Industrial (28/9/78)	4486.0§	4510.0	4513.0	4531.0	4535.0 (15/1)	4169.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	667.47	646.28	630.00	633.87	667.47 (23/1)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	251.07	251.36	252.62	252.64	258.58 (15/1)	238.93 (2/1)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	985.3	976.1	978.2	989.2	989.2 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	770.4	770.2	773.0	769.9	779.8 (15/1)	740.5 (8/1)
SBC General (1/4/87)	627.8	628.4	627.2	624.5	628.4 (22/1)	601.1 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	5122.81	5131.42	5135.35	5102.64	5135.35 (21/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	780.26	772.71	776.01	779.82	780.26 (23/1)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	529.8*	529.7	523.6	525.3	542.1 (7/1)	520.1 (13/1)

** Saturday January 18: Taiwan Weighted Price: 4964.22; Korea Comp Ex. 621.21.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 23 January 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Osaka Gas	5.2m	559	+9	Fujitsu	3.3m	800	-20
Nippon Steel	4.3m	352	-4	Toyo Ink	2.8m	780	+10
Oji Paper	4.1m	873	-6	Matsushita	2.8m	1,470	+20
Hitachi	4.1m	939	0	Jujo Paper	2.6m	635	+10
Toshiba	3.8m	656	+4	Clarion	2.3m	947	+55

3:00 pm prices January 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14¼	12¾	AAR Corp x	0.48	3.4	16	315	14⅛	14	14⅛	+⅛
26	22½	A L Labs A	0.16	0.7	25	502	23	22⅜	22⅞	-⅛
68¾	68½	AMP Inc.	1.44	2.2	26	2667	68½	65⅞	65⅞	-⅞
75½	69⅝	AMR				252291	74	72½	72⅝	-1½
1¾	1⅛	ARX			2	209	u1⅞	1¾	1⅞	+⅛
52¾	46¾	ASA	3.00	5.8	15	517	52⅛	51⅝	51¾	-⅝
68⅞	61	Abbott Lab x	1.00	1.6	24	4206	64¼	62¾	63⅝	+¼
13¼	12⅛	Abitibi Pr z	0.50	3.8	17	z100	13	13	13	-⅛
11⅝	11⅛	ACM Gvt In	1.28	11.0		268	11½	11⅜	11½	
10⅜	9½	ACM GvOpp	1.07	10.1		101	10	9⅞	10	
9½	9	ACM Gvt Sp	0.17	1.8		924	u9½	9⅜	9⅜	-⅛
11⅛	10⅝	ACM Gvt Se x	1.28	11.3		516	u11⅛	11	11⅛	
9¾	8⅞	ACM Man	0.47	5.1		193	u9¼	9⅛	9¼	+⅛
12⅞	12⅝	ACM Manage	1.35	10.6		153	12¾	d12⅝	12¾	
9⅝	7	Acme Cleve	0.40	4.3	17	252	u9⅝	9⅛	9¼	-⅜
5⅛	4⅝	Acme Elect			3	24	u5⅛	4⅞	4⅞	-⅛
33¼	30⅞	Acuson			20	439	30⅞	d30¼	30⅞	-⅛
19⅜	18¼	Adams Expr x	0.48	2.6	0	89	18⅞	d18¼	18¾	
15¼	13	Adobe12Pf	2.40	16.4		217	15	14⅛	14⅝	+⅛
5⅜	4½	Adobe Res			52	223	u5⅜	5⅛	5¼	+⅛
49	42¼	Ad Micro				524	u48¼	47⅝	47⅞	-¼
21⅛	17⅜	Ad Micro P	3.00	14.4		139908	u21⅛	20¾	20¾	-¼
7	5	Advest Grp	0.16	2.5	9	188	6⅝	6½	6½	
45⅜	42⅝	Aetna Lf x	2.76	6.1	8	1639	u45⅜	44⅞	45¼	
10⅜	8⅞	Affil A x	0.24	2.5	68	486	9¾	9⅝	9⅝	
32⅞	29½	Aflac				607	29⅞	d29½	29¾	+¼
17⅝	15⅝	Ahmanson	0.88	5.1	11	3794	17½	16⅞	17¼	+¼
19⅞	17½	Aileen Inc			16	198	19¼	18⅜	19⅛	+½
80¼	72⅞	Air Pr Chm	1.58	1.9	18	1625	u82⅞	80¼	82½	+1⅞
28⅜	23⅝	Airbne Frt	0.30	1.1	20	1715	u28⅜	27⅝	27⅞	-⅛
24⅞	22⅝	Airgas Inc			111	531	23½	23¼	23⅜	
11¼	8⅝	Airlease	1.88	15.3	6	315	11⅛	11	11	+⅛
102½	99½	AlaPw8.16	8.16	8.0		z100	u102½	102½	101½	
25⅛	21⅜	AlaPw PfA	2.00	8.0		11	u25⅛	25⅛	25⅛	
106	104	AlaPw9.44	9.44	9.0		2	105	104¼	104⅛	-⅞
108	102⅝	Alab Pw 11				2	104	104	104	
104	102½	Alab Pw 9P	9.00	8.7		z100	103½	103½	103½	
105	100¼	Alab 8.28C	8.28	8.0		z100	103½	103½	103½	
10⅞	10½	AlaPwDpPf	0.87	8.2		62	u10⅞	10⅝	10⅝	
23⅞	21½	Alaska Air x	0.20	0.9	49	408	22⅝	22⅜	22⅝	-⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

71¼	68½	Xerox	3.00	4.3	12	1343	70¼	69	70	+⅞
53	50½	Xerox4.125				z100	u53	53	53	+½
25¾	24⅞	Xtra 1.94				18	25⅛	d24⅞	24⅞	-½
31	28½	Xtra Corp	0.72	2.4	15	31	30⅝	30¼	30⅛	-⅛
27	25¼	Yankee Egy	1.60	6.1	13	43	26¼	26	26⅛	+¼
½	½	Zapata			87	264	⅞	½	⅞	
8½	7¼	ZenithElec			2	696	8¼	8	8¼	+¼
16⅞	16	Zenith Nat x	1.00	6.2	134	3	16⅛	16⅛	16⅛	
6⅝	6	Zemix Inc x	0.84	12.9		72	6½	6⅜	6½	+⅛
12	11⅛	Zero Corp	0.40	3.3	15	325	u12⅛	11⅞	12	+⅛
38	35⅝	Zurn Ind	0.88	2.4	16	1268	36⅞	36⅛	36⅜	+⅜
14⅛	13½	Zweig Fund	1.16	8.4		235	13⅞	13⅝	13⅝	
11	10⅝	Zweig Totl	0.96	8.9		527	10⅞	10⅝	10¾	-⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices January 23

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Oil Corp	0.14	8	670	8⅛	7⅞	7⅞	-⅛
Pall Corp x	0.36	34	1870	31⅜	30⅞	31	+¼
Pegasus G	0.10	6	173	13⅜	13¼	13¼	-⅛
Perini		9	27	u13⅞	13⅝	13⅝	
Pet HthP	0.31	7	23	u11	10¾	11	

NASDAQ NATIONAL MARKET

3:00 pm prices January 23

AMERICA

Dow turns sharply lower as long-term rates rise

Wall Street

AFTER a hesitant opening, US share prices turned decisively lower yesterday morning in the wake of higher long-term interest rates and some poor fourth quarter earnings, *writes Patrick Harverson in New York.*

By midday the Dow Jones Industrial Average was down 14.98 at 3,240.83. The more broadly based Standard & Poor's was also lower at mid-session, down 1.97 at 416.16. In contrast, away from the Big Board the Nasdaq composite of over-the-counter stocks, which has endured heavy selling recently, rose 2.25 to 622.93. NYSE turnover was 117m shares by noon.

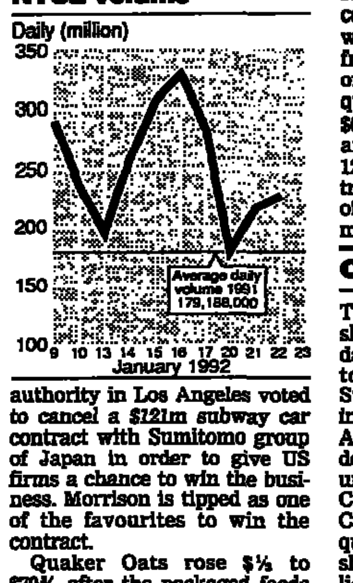
Among individual stocks the release of quarterly earnings continued to dominate sentiment. Delta Airlines fell $1½ to $72¾ on news of its operating loss of $237m in the last three months of 1991, while USAir firmed $⅛ to $16⅞ in active trading after the airline reported a modest but unexpected profit for the fourth quarter.

Elsewhere in the sector, AMR, parent of American Airlines, fell $1¼ to $72⅞ and UAL eased $⅛ to $150⅞. Airline stocks were also affected by the news that Salomon Brothers had issued a sell recommendation on the entire sector on Monday.

AT&T fell $⅞ to $39⅛ after the telecommunications group announced fourth quarter profits of $635m, down from the previous year but reduced by a $218m charge to cover the write-down of the company's investment in an Italian group.

Morrison-Knudsen climbed 4⅛ to $54¼ after a local authority in Los Angeles voted to cancel a $121m subway car contract with Sumitomo group of Japan in order to give US firms a chance to win the business. Morrison is tipped as one of the favourites to win the contract.

NYSE volume



Quaker Oats rose $⅛ to $70⅞ after the packaged foods group unveiled fiscal second quarter net income of $44.7m, well up on a year ago, and reported strong sales volume growth both at home and abroad.

Unisys put in one of the best performances of the day amid heavy trading. The stock jumped $1⅛ to $6⅞ in volume of 4.6m shares after the computer manufacturer announced a big improvement in 1991 fouth quarter earnings, which recovered from a loss at the same stage of 1990 to post a 31 cents a share profit. Investors were also buoyed by reports from the company that US orders were up sharply in the quarter. Monsanto fell $¾ to $66¼ after the chemicals group announced it would give its 12,000 employees a $1,000 contribution each toward the cost of buying or leasing a new US-made car.

Canada

TORONTO stocks slipped slightly on profit-taking at midday but held up well compared to the downturn on Wall Street. The TSE 300 composite index was down 6.8 at 3,632.0. Advancing issues edged declines by 237 to 231 on volume of 19.98m shares valued at C$282.75m. BCE rose C$⅛ to C$49⅛, after reporting fourth quarter earnings of C$1.11 per share versus C$1.05 a year earlier. Among active industrials, Nova rose C$⅛ to C$8, Varity firmed C$⅛ to C$17⅛, Bombardier class B firmed C$⅛ to C$31⅛.

ASIA PACIFIC

Nikkei extends recovery to second day running

Tokyo

SHARE prices fluctuated on option-related trading, and the Nikkei average closed marginally higher, up for the second day running for the first time this year, *writes Emiko Terazono in Tokyo.*

The 225-issue average, which gained 3.2 per cent on Wednesday, added another 46.60 to 21,5180.72 after a high of 21,794.17 and a low of 21,440.53.

Volume fell to 250m shares from 270m, as most institutional investors remained inactive. However, traders said that the total number of orders had risen sharply, reflecting a rise in individual interest.

Gainers led losers by 654 to 331, with 161 issues remaining unchanged. The Topix index of all first-section stocks rose 6.97 points to 1,610.78 and in London the ISE/Nikkei 50 index rose 0.09 to 1,239.01.

Speculative activity by options players dominated price movements, as options traders are entitled to exercise contracts every Thursday.

The Nikkei saw volatile movement, as holders of call options, or buying rights, tried to push it up while market participants with put options, or selling rights, were seen selling stocks to lower the index.

Rumours that financial authorities had requested life assurance companies to support the market added some cheer, and some banks and individuals were seen small-lot buying. However, traders said that buying by foreign investors, which had previously supported international blue chips, had disappeared.

Some high-technology issues lost earlier gains. Sony closed down Y10 at Y4,260 and Fujitsu, Y20 at Y800. Hitachi, which rose in the morning on forecasts of a recovery in the US semiconductor market, finally finished unchanged on profit-taking by institutional investors.

However, some issues in the sector gained on bargain-hunting and hopes of a recovery in the US economy. TDK surged Y150 to Y4,660 and Fanuc added Y60 to Y4,350.

Investment trust selling depressed Nippon Steel, which fell Y4 to Y352. Investment trust groups, which face redemptions of unit trusts sold to investors three years ago, have started to liquidate holdings because of the lack of a new inflow of funds.

Paper stocks were actively traded on hopes of recovery in the industry's profits. Jujo Paper rose Y16 to Y635, but Oji Paper, which gained on Wednesday, fell Y8 to Y873 on profit taking.

In Osaka, the OSE average gained 255.86 to 22,979.34 in volume of 46.1m shares. The market posted broadly based gains on active buying by individuals and foreign investors.

Roundup

Hong Kong stood out while other Pacific Rim markets remained mixed.

HONG KONG soared to a record close on a report that counter-revolutionary charges against the former Chinese premier Zhao Ziyang had been dropped. The Hang Seng index put on 75.12 to 4,625.84.

Turnover was heavy at HK$3.52bn, up from HK$2.31bn. An official Chinese denial of the Zhao Ziyang report came after the market had closed.

SEOUL rose as high interest rates, which had attracted money away from the market, showed signs of easing. The composite index closed 21.19 higher at 667.47 as turnover climbed to Won631bn from Won462bn. Three-year corporate bond market yields have fallen to around 17.95 per cent from a 1991 peak of 19.6 per cent.

AUSTRALIA saw mixed trading with offshore institutional and some domestic selling leading the market back down after earlier gains. The All Ordinaries index rose 4.0 to 1,635.5 as turnover eased from A$281m to A$259m.

One analyst said that Asian institutions were selling, and returning to their domestic equity markets. "They see Asia coming out of the recession before Australia, and some want to take full advantage," he said.

SINGAPORE closed mixed after profit-taking emerged to pare early gains in moderate trading. The Straits Times Industrial index closed at 1,545.72, up 4.42. NEW ZEALAND broke a four-day losing streak, the NZSE-40 index rising 3.58 to 1,476.16.

BANGKOK reported heavy trading in property and finance issues, as turnover rose from Bt8.49bn to Bt10.89bn and the SET index ended 7.55 higher at 780.26.

Tanayong, a property company, topped the most active list as it rose Bt12, or 10 per cent, to Bt132 with Bt1bn of shares changing hands.

JAKARTA saw active trading, in volume of nearly 10m shares as the index rose 0.42 to 256.58. Brokers said much of the activity came from local investors who had shunned the market for the past eighteen months in favour of high interest bank deposits.

BOMBAY closed with the BSE index at 2,150.41, up 17.59 but down from the day's high of 2,184.99. Speculative demand was sustained but analysts said that state-owned investment institutions sold heavily in all major stocks, smothering the rally.

Retailing trio enliven trading in Brussels

Optimistic company announcements have attracted the investors, says Andrew Hill

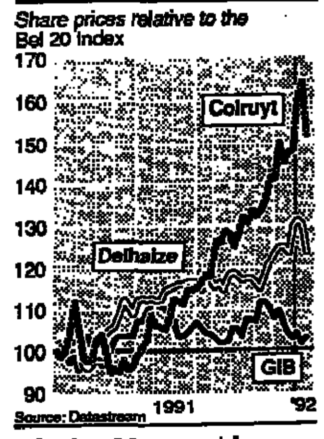
THE Belgian bourse has only recently shaken off the depressing effect of last November's inconclusive general election. After falling to around 1,060 in December, the Bel20 has since recovered, closing at 1,183.63 yesterday.

But confusion over the shape of the next government has not stopped the Belgians shopping. Recent weeks have seen increased activity in the Belgian retailing sector, which accounts for about 5 or 6 per cent of the entire market. Shares in the three principal distribution companies – GIB Group, Delhaize "Le Lion" and Colruyt – have all shown strong increases over the last month, in spite of some profit-taking in the last week.

This is not a new or short-lived phenomenon. Colruyt and Delhaize have improved relative to the rest of the bourse during the last year, while GIB has managed only a marginal outperformance. "They are always among the most active stocks," points out one Brussels analyst. By the middle of January, Colruyt, the smallest of the trio, had outperformed the lacklustre Belgian market by 65 per cent on a yearly basis though it has since slipped back to just over 50 per cent.

Belgium's quoted retailers are founded on the supermarket business. For example, although GIB also owns fast-food restaurants, department stores and do-it-yourself outlets (including a strong US presence), some 65 per cent of its BFr205bn ($6.3bn) turnover in 1990 came from supermarkets and hypermarkets.

Recent enthusiasm for the retailers seems to have been spurred by a number of optimistic company announcements. Delhaize – largest of the three – said on January 10 that it was expecting to record a 14 per cent increase in consolidated net profit for 1991, on the back of a 16.4 per cent rise in sales to BFr310bn ($9.5bn). The principal motor for this growth was the company's Food Lion supermarket chain in the US, which pushed up its



Source: Datastream

sales by 15.3 per cent by opening more than 100 new stores last year. A further 125 are expected to open in 1992.

In the same week, GIB announced that it was planning to invest BFr6.4bn ($198m) during 1992 – up 21 per cent on last year – concentrating, among other things, on the installation of electronic payment and scanning systems in its supermarkets.

Colruyt, meanwhile, has been plugging away at the low-cost, no-frills end of the Belgian retail market and paying back debt built up during the difficult years of 1985 and 1986. It, too, has recently unveiled a handsome increase in 1991 turnover – up 19 per cent to BFr34.3bn ($1.061bn).

Such virtues have attracted the attention of investors on both sides of the Atlantic. Delhaize's share price in Brussels has risen partly on the back of its trading performance, but also because of increased interest in Food Lion, which is separately quoted in New York. In turning to Europe, say analysts, US investors are shunning the depressed British retail market and looking to fill their shopping trolleys with undervalued continental stocks.

Belgian retailing is still a relatively low-margin business, because of high labour costs. Computerisation of store check-outs and the development of own-brand products – both of which lag behind, say, British supermarket groups – should lead to strong improvement in profitability in the coming years.

In this way, the most sluggish of the Belgian trio, GIB, is also the most interesting because it is only now pushing through the investments which other retailers have carried out. "[Buyers of GIB stock] are betting on an adjustment or improvement in the competition in the business," says Mr Thierry Masset, a retail analyst with Générale de Banque in Brussels.

Optimists say that this, in effect, is a one-way bet. Belgian planning law makes it difficult for new groups to win permission to build large supermarkets. "The only way of getting into the market is to acquire another company," says one London-based retail analyst. If GIB falls behind with its investment programme or does not develop quickly enough, he adds, then there could well be plenty of frustrated buyers waiting to bid for the entire group.

EUROPE

Broad range of influences leaves bourses mixed

A BROAD range of influences, both domestic and international, left bourses mixed yesterday, *writes Our Markets Staff.*

FRANKFURT eased on profit-taking, on strike threats and on an easier German bond market. Volume fell from DM7.4bn to DM6.2bn as the FAZ index fell 4.29 to 680.83 at midsession, followed by a 10.53 fall to 1,669.57 in the DAX at the close.

Carmakers reflected worries that a steel strike could hit their production: BMW fell DM5 to DM511.50, and Daimler-Benz by DM6 to DM744.50. Engineers and steelmakers were mixed to lower, Deutsche Babcock losing DM7 to DM168 after starring in the German equities upsurge with a 27 per cent gain this year.

Some secondary stocks showed gains. The software group, SAP, put on DM100 to DM1,610 on strong 1991 results; and GEA, the environmental engineering group, closed DM5 higher at DM525 after a previous two-day gain of 6 per cent.

Mr Brian Wilkinson of Paribas Capital Markets said that GEA had been strong ahead of a meeting with analysts yesterday, and improved on hopes that the company, which has had acquisitional growth, could improve this year on an internal efficiency drive.

Yesterday's outperformer was Horten, the retail group, up DM7 to DM197 for a two-day gain of 8.8 per cent, as turnover in the shares doubled from DM13m to DM26m.

MILAN recovered from the technical weakness of the previous few days, but was held up by another breakdown in the electronic trading system. The Comit index rose 10.32 to 548.27 in turnover estimated at L140bn after Wednesday's L105bn. Trading continued to be led by domestic operators.

Insurers remained in the limelight, with Generali up L660 to L31,050 and gaining another L200 after hours. Alleanza put on L500 to L12,150. La Fondiaria rose L1,400 to L38,700 as three of its subsidiaries, La Previdente, Latina and Ausonia were suspended pending news of a restructuring later in the day. After the close, Fondiaria said that it planned to fuse Ausonia with La Previdente on the basis of one La Previdente share for every 22 Ausonia shares.

PARIS ended slightly lower, trading was dominated by technical factors ahead of today's close of the January account. The CAC 40 index fell 2.63 to 1,838.69 in turnover of FFr2.2bn after FFr2.3bn.

Crédit Local de France, a newcomer to the financial sector, rose FFr8 to FFr225 in unusually high volume of 311,000 shares.

Saint-Gobain rose FFr5.90 to FFr494.10 as investors waited for its 1991 results. After the close, the building company announced a 25.6 per cent fall in profits. LVMH, the luxury good manufacturer, fell FFr30 to FFr4,290 ahead of announcing a pleasing 11 per cent rise in turnover.

FT-SE Eurotrack 100 - Jan 23

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1135.98	1137.23	1135.19	1133.39	1132.79	1131.55	1131.58	1131.98

Day's High 1137.50 Day's Low 1131.06

Jan 22	Jan 21	Jan 20	Jan 17	Jan 16
1134.07	1136.99	1135.91	1135.24	1131.02

Base value 1000 (26/10/90).

AMSTERDAM moved back throughout the day, finishing lower as activity dwindled ahead of this weekend's G7 meeting. Inflation worries in Germany stemming from the steel industry wage demand there also kept investors on the sidelines. The CBS Tendency Index closed down 0.4 at 120.9.

MADRID had a flat day with the only interest coming in block trades, following Wednesday's trend. Block trades of 556,050 in Acesa at Pta1,155 and of 331,000 in Endesa at Pta3,025 were confirmed. The general index closed off 0.29 to 251.07.

OSLO was dragged down by Norsk Hydro after the company said that it would take a special charge of NKr2.4bn against fourth quarter pre-tax earnings to cover the planned restructuring measures and writedowns of assets within Hydro's agriculture and magnesium divisions.

The all-share index fell 9.88, or 2.2 per cent to 443.78, in turnover of NKr314.3m. Hydro shed NKr12.5 at NKr144.5.

STOCKHOLM closed broadly up, but below the day's highs, in active trade following advances in New York and in reaction to an unexpected decline in consumer prices. The Affärsvärlden general index rose 7.98 at 974.35 on turnover of SKr594m, reversing a two-day slide. Consumer prices fell 0.1 per cent in December after rising 0.5 per cent the month previously.

HELSINKI closed higher, after sliding for the past four trading days, as buyers returned. The Hex index rose 6.4 to 854.8 in turnover of FM17.5m, of which free shares made up FM6.2m. The most traded issue was Kymmene free shares, which rose 80 penni to FM79.

COPENHAGEN closed slightly lower in fairly active trading with Danisco, the food and drink group, recovering after its recent heavy fall. Danisco, which has declined some DKr200 since reporting first-half results in December, gained DKr13 to DKr825. Banks were steady, while Hafnia stood out in a little changed insurance sector with a DKr14 rise to DKr419.

ISTANBUL was lifted by last-minute buying. The 75-share index closed at a provisional 4,873.76, up 75.75 or 1.8 per cent.

SOUTH AFRICA

Gold shares lost ground after a firm start as world gold prices slid towards $355 an ounce in subdued markets. The all-gold index was down 18 at 1,285. The industrial index fell 24 to 4,486 as interest waned in the absence of fresh direction.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 22 1992								TUESDAY JANUARY 21 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	146.46	−1.0	120.17	114.06	120.86	129.66	−1.1	4.26	147.87	121.35	115.06	121.70	131.05	160.31	112.74	119.02
Austria (20)	168.19	+0.1	137.99	130.98	138.82	138.45	−0.4	2.08	168.03	137.90	130.75	138.29	139.00	222.37	153.86	178.76
Belgium (46)	144.30	+0.7	118.39	112.37	119.09	116.01	+0.4	5.08	143.32	117.63	111.52	117.95	115.58	151.20	118.04	129.70
Canada (115)	141.41	+0.5	116.03	110.12	116.71	118.27	+0.6	3.12	140.76	115.52	109.52	115.84	117.57	144.28	126.49	128.49
Denmark (37)	265.82	+0.0	218.10	207.02	219.39	221.90	+0.3	1.61	265.69	218.06	206.75	218.67	221.25	273.94	217.74	234.93
Finland (15)	84.77	−2.0	69.55	66.02	69.96	76.83	−2.3	3.17	86.53	71.02	67.34	71.22	78.61	125.15	73.32	95.08
France (109)	150.51	−1.3	123.49	117.20	124.21	127.72	−1.1	3.47	152.48	125.14	118.64	125.48	129.10	152.48	119.11	131.24
Germany (65)	120.21	−0.6	98.63	93.62	99.21	99.21	−0.3	2.32	120.96	99.27	94.14	99.55	99.56	125.35	94.15	109.00
Hong Kong (55)	188.39	+0.9	154.57	146.71	155.49	187.62	+0.8	3.98	186.64	153.18	145.23	153.61	186.04	188.39	119.62	124.89
Ireland (16)	171.35	−1.4	140.59	133.44	141.42	143.76	−1.2	3.49	173.71	142.56	135.17	142.98	145.56	182.46	132.88	140.64
Italy (77)	78.17	−0.4	64.14	60.87	64.52	69.66	−0.3	3.31	78.48	64.41	61.06	64.58	69.88	88.23	64.76	74.61
Japan (473)	128.80	+2.2	105.68	100.31	106.32	100.31	+2.3	0.85	126.00	103.41	98.05	103.71	98.05	146.97	118.23	128.09
Malaysia (68)	224.89	+0.8	184.52	175.13	185.61	231.69	+0.6	2.83	223.04	183.05	173.55	183.56	230.38	247.78	169.18	197.41
Mexico (18)	1495.50	−1.1	1227.01	1164.65	1234.29	5005.87	−1.2	1.04	1512.48	1241.29	1176.91	1244.77	5065.17	1515.97	534.45	552.53
Netherland (31)	155.00	−0.5	127.17	120.71	127.93	126.35	−0.3	4.28	155.74	127.81	121.18	128.17	126.77	155.74	125.70	131.47
New Zealand (14)	45.70	−0.9	37.49	35.59	37.72	44.76	−0.7	6.14	46.11	37.84	35.88	37.95	45.09	54.64	41.18	42.76
Norway (25)	189.87	−0.9	155.78	147.87	156.71	160.23	−0.6	1.62	191.50	157.17	149.02	157.61	161.16	223.24	157.08	186.79
Singapore (38)	228.13	−0.1	187.18	177.67	188.29	171.57	−0.1	2.03	228.29	187.36	177.64	187.88	171.69	228.29	151.63	159.37
South Africa (61)	262.33	+0.1	215.24	204.29	216.51	185.27	−0.6	2.68	262.12	215.12	203.96	215.72	186.33	271.99	173.00	175.20
Spain (52)	155.43	−0.4	127.52	121.05	128.28	117.75	−0.5	4.70	156.03	128.06	121.42	128.41	118.38	171.12	131.51	140.39
Sweden (25)	183.93	−1.1	150.91	143.24	151.81	156.77	−0.9	2.84	186.07	152.70	144.79	153.14	158.18	204.12	146.60	165.62
Switzerland (59)	102.40	−0.2	84.01	79.75	84.52	89.16	−0.1	2.24	102.62	84.22	79.86	84.47	89.26	103.50	82.17	88.25
United Kingdom (234)	181.81	−0.8	149.17	141.57	150.04	149.17	−0.8	4.99	183.21	150.36	142.55	150.76	150.36	187.44	156.27	162.05
USA (523)	170.35	+1.3	139.76	132.67	140.60	170.35	+1.3	2.86	168.08	137.94	130.80	138.34	168.08	171.86	125.95	133.60
Europe (813)	147.69	−0.7	121.17	115.02	121.90	122.09	−0.6	3.94	148.69	122.03	115.70	122.38	122.83	151.52	125.50	131.90
Nordic (102)	186.10	−0.6	152.69	144.93	153.59	151.46	−0.3	2.14	187.19	153.63	145.66	154.06	151.98	200.81	155.55	168.48
Pacific Basin (717)	131.02	+2.0	107.50	102.03	108.13	103.66	+2.0	1.17	128.48	105.44	99.97	105.74	101.61	145.92	117.86	125.42
Euro – Pacific (1530)	137.99	+0.8	113.21	107.45	113.88	111.75	+0.9	2.35	136.85	112.31	106.48	112.62	110.76	147.66	121.29	128.39
North America (638)	168.49	+1.3	138.24	131.23	139.08	166.80	+1.3	2.88	166.32	136.50	129.44	136.91	164.65	169.69	125.91	133.07
Europe Ex. UK (579)	126.92	−0.6	104.13	98.86	104.77	106.33	−0.5	3.19	127.69	104.80	99.38	105.11	106.83	129.80	103.58	113.45
Pacific Ex. Japan (244)	152.90	+0.0	125.45	119.09	126.21	137.43	−0.1	3.87	152.89	125.48	118.99	125.84	137.60	153.49	111.40	116.86
World Ex. US (1724)	140.30	+0.8	115.11	109.27	115.80	113.96	+0.8	2.38	139.21	114.25	108.33	114.57	113.02	148.16	122.32	129.03
World Ex. UK (2013)	146.28	+1.2	120.02	113.93	120.74	129.52	+1.2	2.28	144.54	118.62	112.46	118.97	127.93	150.58	120.06	128.41
World Ex. So. Af. (2186)	148.63	+1.0	121.95	115.76	122.68	130.90	+1.1	2.56	147.14	120.76	114.51	121.11	129.54	153.05	122.92	129.30
World Ex. Japan (1774)	161.66	+0.5	132.64	125.91	133.45	149.06	+0.5	3.28	160.86	132.02	125.19	132.41	148.31	161.90	126.69	132.68
The World Index (2247)	149.38	+1.0	122.56	116.34	123.30	131.40	+1.0	2.56	147.90	121.38	115.09	121.73	130.06	153.70	123.26	129.57

Constituent change (23/1/92): Name change: Imperial Cold Storage to ICS Holdings (South Africa). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Sign that recovery in UK demand for executives is already under way backstage

Optimistic in spite of worst year on record

"WHEN I am dead and opened, you shall find 'Calais' lying in my heart," lamented Queen Mary Tudor over a slip-up in her foreign policy. And the Jobs column fully sympathises, having cause to feel in much the same way.

In my case, however, the phrase the autopsy will show engraved inside the pericardium is "July 1991" – the date when I ventured a rare prediction about movements in the United Kingdom's executive-jobs market. In doing so, I took exception to the forebodings of the MSL international consultancy's market-watchers that last year would end as the worst ever known for advertised demand, at least.

A pox on such jeremiads, quoth I. For *one thing*, they *failed* to recognise that demand over the 12 months to June 30, although weak, had still been a good deal better than over the corresponding months of the recession of 1980-81. For another, there were various signs that the market would turn up in the later months of 1991.

How far I went astray may be seen from the table alongside, compiled as always from MSL's quarterly counts of job-openings for managers and upper-ranked specialists advertised in leading UK journals. Each opening, by the way, is counted as *one no matter how* many times the ad for it appears.

The upper part of the table gives the calendar-year tallies from 1987 to 1991 for eight broad types of higher-ranked work. The last of them is a catch-all "others" category including such people as buyers, economists, company legal staff and assorted consultants. Then comes the annual total for all types of executives, followed by the quarterly counts making it up.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(Year to December 31)

Type of work	1991 Posts advertised	1991 Change from 1990 %	1990 Posts advertised	1990 Change from 1989 %	1989 Posts advertised	1989 Change from 1988 %	1988 Posts advertised	1988 Change from 1987 %	1987 Posts advertised	1987 Change from 1986 %
Research & dvlpmnt	1,733	−46.5	3,242	−22.1	4,160	+ 3.9	4,004	+18.7	3,374	− 8.4
Sales & marketing	2,194	−23.2	2,858	−27.4	3,934	−31.1	5,707	− 9.1	6,276	+ 1.7
Production	2,642	−47.9	5,068	−16.0	6,032	−20.5	7,589	+38.9	5,465	+13.6
Accounting	3,238	−40.6	5,448	−19.1	6,731	−12.8	7,716	+ 1.2	7,627	+19.1
Computing	1,018	−54.1	2,216	−37.1	3,521	−28.8	4,947	+50.0	3,298	−11.8
General management	976	−25.0	1,302	− 3.7	1,352	−16.7	1,623	+ 0.7	1,611	+27.1
Personnel	406	−48.9	794	−29.3	1,123	+ 2.4	1,097	− 0.5	1,103	+19.6
Others	3,817	−41.8	6,559	−15.1	7,723	+ 2.7	7,519	+15.1	6,531	+18.9
Total	16,024	−41.7	27,487	−20.5	34,576	−14.0	40,202	+13.9	35,285	+ 8.6
Jan-March	4,572	−45.6	8,397	−23.1	10,915	− 2.7	11,223	+22.4	9,166	+ 4.1
April-June	4,235	−44.6	7,641	−16.7	9,176	−13.4	10,593	+23.2	8,597	+ 5.2
July-Sept	3,630	−40.8	6,131	−22.0	7,858	−15.8	9,338	+12.9	8,274	+ 8.0
Oct-Dec	3,587	−32.5	5,318	−19.8	6,627	−26.8	9,048	− 2.2	9,248	+17.8

What they reveal of course is that far from turning up in the later months of last year, the advertised demand went on falling. Moreover, while the table doesn't show it, both July-September and October-December 1991 produced the lowest quarterly counts I have on record, with the result that the year bore out MSL's forebodings. The total of 16,024 was 14.7 per cent down on the previous lowest for a calendar year: 18,795 in 1981.

Which means that, for every 1,000 executive posts advertised a *decade before*, 1991 had only 853. The following list shows which sorts of work, and which quarters, account for the difference between those two figures.

Work	*1981*	*1991*	*Change*
R & D	144	92	− 52
Sales	205	117	− 88
Pdctn	154	141	− 13
Acctg	212	172	− 40
Cmptg	64	54	− 10
G.M.	39	52	+ 13
Pers	25	22	− 3
Others	157	203	+ 46
Total	1,000	853	−147
J-M	248	244	− 4
A-J	252	225	− 27
J-S	235	193	− 42
O-D	265	191	− 74

So the overall loss, worst in the sales area, hides gains in general management and "others". And the general decline accelerated sharply from quarter to quarter.

That steepening of the drop is emphasised in the comparison because, whereas last year the advertised demand kept on falling, in 1991 the final months saw it starting the rebound that continued until late 1985. Which prompts the question – important not least to Britain's politicians – whether a similarly blessed upturn is likely before general election time.

Well, despite the fate of my forecast in July, I suspect that the answer is yes. But my optimism is based less on the advertised market than on events in other branches of executive-recruitment.

One is of course headhunting by the personal-approach methods of executive-search where, according to the InterMex consultancy's soundings, 1991 *produced a 4 per cent rise* in demand over 1990. Even so, I am not banking my hopes on search which, sensibly or otherwise, tends to be used to fill the top paid posts and so to concentrate on the relatively small market niche of general management.

The optimism springs rather from another branch. It consists of recruiters who keep large databases of job-seekers in broad fields such as accounting and sales, and put employers in touch with suitable candidates on their register. While the database branch has been hit by the recession, it has suffered less badly than advertised recruitment, which is inevitably more costly.

It seems that, with redundancies throwing large numbers of upper rankers onto the market, a good many employers have turned to the less expensive alternative in the belief that the registers will contain enough good candidates to meet their needs. In which case, it is reasonable to suppose any upturn from the latest depths will make its first appearance backstage, in the database branch.

The good news is that one of its members, the Michael Page Group, reports that recovery is already evident in one field at least. It is sales and marketing, in which *group director* David Bodmer says Page has more job openings on its books than at any time since July 1990, and which historically has tended to be a lead indicator of movements in demand as a whole.

Michael Dixon

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ACCOUNTANCY COLUMN

SEC newcomer takes hot seat as tempers rise over valuation

By Nikki Tait in New York

HALFWAY through an interview from his Connecticut home, Walter Schuetze breaks off to answer the door. Someone has arrived to mend the hot water, reports the Securities and Exchange Commission's new chief accountant gratefully, as a cold snap engulfs New England.

But if hot water has been lacking on the domestic front, Mr Schuetze is facing a surfeit professionally. The 59-year-old accountant, a partner at KPMG Peat Marwick, steps into his new post at the US watchdog this week – and immediately confronts a furore over current value accounting.

For many months, the SEC, under its chairman Richard Breeden, has argued strongly that banks and other financial institutions should carry financial products in their books at current values - not at what they paid for them.

Such pressure is more than academic. Ever since the thrift industry debacle triggered a political storm, supervision and regulation of financial institutions has been a highly-charged issue. The SEC, moreover, has a Congressional mandate to set accounting rules for US companies, although in practice it cedes the task of drawing up standards to the Financial Standards Accounting Board.

It is easy to see why the SEC is so concerned. Most banks, for instance, currently split their portfolios of stocks and bonds between those held for investment which are valued at cost, and a more limited trading account where securities are indeed "marked-to-market". This presents plentiful opportunities for the unscrupulous. Bonds within the investment portfolio which have risen in value can be sold at year-end for a gain, for example, while those that have fallen can be retained within the portfolio, yet valued at cost.

The financial industry, however, has hit back with equal ferocity. The American Bankers Association, a trade organisation encompassing many large commercial banks, puts the argument thus: "Our primary problem is that banks don't use current value accounting for their own purposes, so it is hard to see why it should improve things for investors." Investment portfolios, it is argued, are held for the longer-term, so short-term price movements have little relevance.

Various supplementary salvos back up this central theme. Any meaningful attempt at current value accounting, it is argued, should surely require that liabilities are also marked to market – and there is little consensus on how to do this. Second, even on the asset side, "current value" calculations may be extremely subjective where there is no ready market for the security in question. Hence the reliability of accounts could diminish, not improve. Third, banks might be obliged to cold-shoulder whole areas of the securities market where valuation is difficult or volatility pronounced.

The debate is not confined to the banking industry. Similar controversy rages *vis-à-vis* the insurance sector, with the complication that this a state-regulated business, and the politics even more labyrinthine.

Mr Schuetze has been quoted as saying that the profession needs to 'crawl before it can walk, and walk before it can run' over the issue of current value accounting. 'The marking-to-market of financial assets is the crawling part,' he now adds.

Mr Terence Lennon, chief examiner at the New York Department of Insurance, put the regulators' case bluntly to a Congressional sub-committee. "The marking-to-market of the entire asset portfolio of an insurer is not a good idea," he suggested. "First of all, it cannot be done without marking liabilities to market . . . and I believe we would be losing a lot of conservatism if we marked both sides to market. In addition, only about one-third of the assets in most companies have a readily obtainable market value . . . Frankly, this (marking-to-market) gives the industry more of an opportunity for subjective analysis than they have now."

Into this heated debate, steps Mr Schuetze. It would be amazing if the new chief accountant was anything but supportive of the SEC stance, but just how much weight does he attach to the issue? Does he, for example, class current value accounting as a top priority?

"Yes, I do," he replies, choosing his words with meticulous care. "We need to increase and improve the relevance and credibility of financial accounting, and I think the use of market values, for assets and liabilities, is very desirable. That's especially true for financial institutions."

Confronted with the ABA argument about aptness, Mr Schuetze reels off a list of beneficiaries – shareholders, potential shareholders, employees, potential employees, customers, and so on. When tackled about the potential distortion to investment markets, his response is even simpler: "If it eventuates, it eventuates."

But Mr Schuetze also knows he is dealing with the real world, and is far from purist about the way in which changes may be effected. He has already been quoted as saying that the profession needs to "crawl before it can walk, and walk before it can run" in the matter of current value accounting. "The marking-to-market of financial assets is the crawling part," he now adds. "If we have to yield on liabilities, we have to yield on liabilities."

As for current value accounting in non-financial industries: "I think it may be more difficult with regard to property, plant and equipment, and intangible assets. It is both more difficult, and more difficult to move quickly. We will have to work on it over time. You have to get the economic benefits into equilibrium with the relevance of the numbers. This is a first step."

To some observers, it appeared as Mr Schuetze's task became a mite more difficult last week, when the FASB – which has been working for some time on an draft accounting rule requiring investment securities to be marked to market – delayed issuing any proposal until May at the earliest.

But the FASB's own account of the vote switch is more ambiguous. It says one member of the six-man board – previously split 4-2 in favour of issuing a proposal – wanted to "revisit" two crucial aspects of the draft rule. These were the liability valuation question, and the desirability of having unrealised gains and losses reported outside the income statement. He was not, stresses FASB, necessarily changing his eventual vote.

Mr Schuetze, meanwhile, notes that the board will be enlarged to seven members in March, and will then need a 5-2 vote in favour of issuing the draft rule. Since the new, seventh member will be critically involved with the proposal, it made little sense to plough ahead with the preliminaries ahead of his arrival. "FASB did not back away," maintains Mr Schuetze "They decided to delay for a while."

That does not stop bank lobbyists from crowing. "I'm very pleased to see that FASB is equally concerned about this," remarked one industry supporter, after news of the delay spread. "The SEC has placed FASB in an awkward position, and it should not be influenced in this way." One can almost feel the steam rising.

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Roy Brighton is a Director of Time Manager International: perhaps the world's best-known training organisation recognised in 35 countries for its range of personal and corporate development programmes.

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Before joining the company, he worked for 15 years within the computer industry having previously worked as Revenue Accountant with the British Transport Commission.

Roy Brighton regularly lectures both in the UK and abroad.

(Places at the breakfasts are strictly limited)

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APPOINTMENTS WANTED

FCMA FINANCIAL MANAGER

A commercial 33 year old experienced in operating at a senior level in most business sectors including: financial management systems, corporate strategy, consolidation of activities including rationalisation and improved cost control, sales generating ideas, MIS installation.

Available for assignments or permanent position.

Write Box A441, Financial Times, One Southwark Bridge, London SE1 9HL

Lively-Minded Accountant Wanted
For fast-moving entertainment company

If you're a qualified accountant with at least two years' post-qualification experience in a dynamic FMCG environment, you could carve out a great career for yourself here at Phonogram. As part of the international PolyGram family of music companies, marketing major acts and scoring frequent chart hits, we offer superb long-term prospects – and a stimulating immediate challenge.

Reporting to the Director of Finance, you'll be responsible for the preparation of annual budgets and monthly management accounts; information gathering and forecasting; the analysis of marketing campaigns; and assisting in the evaluation of new deals and contracts.

You'll need to be determined, flexible in your attitude towards work, and able to get on well with all sorts of personalities and characters. Educated to at least A-level standard, or equivalent, you should now be a qualified member of ACA, CACA or CIMA. Experience of working with Lotus (and preferably Supercalc) would be a distinct advantage.

In return, you can look forward to an excellent salary and a comprehensive benefits package including an annual bonus, company car, contributory pension scheme and five weeks' annual holiday.

So, if you'd like to make a future for yourself in our fast-moving industry, please write, enclosing a full CV and covering letter, to Melanie Higgs, Personnel Manager, Phonogram Limited, 1 Sussex Place, Hammersmith, London W6 9XS. Tel: 081-846 8515 ext. 5341.

Phonogram Limited

Financial Manager
Taxation & Risk Management

CHESHIRE • CIRCA £33,000 + BONUS + CAR

BM

Brunner Mond is an independent private company formed recently to acquire ICI's £140m turnover Soda Ash Products business. The company is committed to a policy of sustained long-term growth and investment in order to maintain its leading position.

Reporting to the Financial Operations Director, this is a new senior appointment with two initial areas of responsibility:

- to establish, plan and manage all aspects of corporate taxation and compliance
- to develop and implement risk management strategies, including overall control of the insurance programme.

With a manufacturing asset base of several hundred million pounds and a £1m insurance budget, this position will have scope for significant impact on business profitability.

Candidates must be qualified accountants with a thorough grounding in corporate taxation, ideally backed by either treasury or financial planning expertise to enable the role to broaden in the medium term. A proactive and creative approach must accompany highly developed interpersonal skills. The salary indicated is negotiable depending on experience and will be supplemented by a profit related bonus and a broad range of executive benefits.

Interested applicants should send a detailed CV and salary history, quoting reference 1880/FT.

WICKLAND WESTCOTT

HUMAN RESOURCE CONSULTANTS

Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX
Telephone (0625) 532446

COMMERCIAL MANAGER
Airport & Downtown
DUTY-FREE
JOINT VENTURE IN ROMANIA

This joint venture between a successful and imaginative international group and positive thinking Romanian State Authorities seeks a commercially astute, dynamic, Qualified Chartered Accountant or equivalent with minimum 5 years' PQE gained at management level within the duty-free or department stores fields based in Bucharest in early 1992.

To take up this exceptional challenge, you must be fluent in Romanian and English, have a proven record in managing and motivating staff, possess clear presentation and communication skills, accustomed to a high level computerized environment, capable of setting up and handling effective systems & controls, responsible for implementing all accounting and administration functions, able to operate autonomously whilst retaining a flexible team-spirited attitude - all in all you are expected to make significant contributions to the successful planning, building and profitability of the J-V.

The prospects for long-term personal and professional opportunities and progression within the Group are excellent for the above described outstanding individual now happily employed but seeking greater freedom of career expression and enhancement in this most exciting field.

Interviews will be held in S.E. Asia and London in early February. Please forward detailed resumé with a covering letter, full credentials, salary history and requirements no later than January 31st, 1992 to:

Box No: A1733 Financial Times,
One Southwark Bridge,
London SE1 9HL

Management Services in the International Oil Industry

ACCOUNTANT

Recent restructuring has resulted in the Central London offices of Occidental International Oil Inc. (OIOI) becoming a Management Services organisation. As such we provide a key service to American and Eastern hemisphere affiliates of this Internationally successful oil company.

To strengthen our small management team we now require an experienced Accountant whose prime responsibility will be to maintain the accounting and tax records for OIOI and to carry out statutory and corporate reporting as required. Operating largely autonomously you will become fully involved in the full range of the accounting operation and will provide a top quality service to senior managers.

Ideally a qualified Accountant, you should possess around 10 years accounting experience which will include compiling statutory accounts. This should be supported by familiarity with dual currency accounting, perhaps some oil company and tax department experience, and a thorough understanding of Lotus 123 and/or microsoft Excel.

An attractive salary is offered together with a generous benefits package.

In the first instance please send full career details to:

CLYDE SORRELL,
OCCIDENTAL INTERNATIONAL OIL INC.,
WINDSOR HOUSE, 50 VICTORIA STREET,
LONDON SW1H 0NW.

OXY

Financial Controller

Aged 26-30 years — Salary FF 250,000 to 350,000 pa

Iceland Frozen Foods plc's meteoric expansion has made the Company Europe's biggest specialist retailer of frozen food with over 550 stores and an expected turnover of £1 billion in 1992. A successful retail formula backed by tight controls has enabled us to out-perform the big names in British food retailing in 1991, and whilst the others are consolidating we are not only opening 50 new stores a year in the UK – but we are also taking our entrepreneurial flair to France . . .

The first British food retailer to operate in Europe, we have joined up with Au Gel which has 16 stores in Northern France – the ideal springboard for our European expansion programme.

Our ambitious plans have created a once-in-a-lifetime opportunity for a commercially astute Financial Controller. Working closely with the MD of Au Gel you will be responsible for the subsidiary company's legal, financial and administrative affairs. This will include preparing statutory and management accounts and information, developing the computerised financial and administrative systems and managing a small team. However, real success will depend upon your ability to be a key player in directing and controlling a major expansion programme.

The successful applicant, fully bi-lingual – ideally with an English mother-tongue, will be a qualified accountant preferably conversant with French and English practice, with 2-3 years commercial post-qualification experience and prepared to re-locate to the Lille area.

Please apply in writing giving full personal and career history together with details of current remuneration package to Janet Weinstein, Personnel Director, Iceland Frozen Foods plc., *Second Avenue, Deeside Industrial Park, Deeside, Clwyd CH5 2NW. United Kingdom.*

ICELAND

We are an equal opportunities employer.

FINANCIAL CONTROLLER
PHARMACEUTICALS
Circa £35,000 + car

This is a new position, based in Guildford, reporting to the Managing Director of Monmouth Pharmaceuticals Ltd., the rapidly expanding UK/European subsidiary of Roberts Pharmaceutical Corporation, an international US pharmaceutical company. Key tasks include setting up, monitoring and reporting on all financial activities, budgetary control and planning for UK and US management.

A qualified accountant, aged 30-45, with several years pharmaceutical industry experience is sought for this position. Please send, or fax, your CV to Managing Director, Monmouth Pharmaceuticals Ltd., 3/4 Huxley Road, Surrey Research Park, Guildford GU2 5RE.

Tel: 0483 65299. Fax: 0483 63658

ESSEX — **c £50,000 + CAR**

Group Finance Director

With turnover approaching £30m, our client is a well established provider of services in the air transport industry. Sales and profits have significantly increased despite the current recession, as a result of positive marketing and cost containment, underpinned by long term contracts from blue chip companies.

As Finance Director you will be one of the three top executives in the group. Major aspects of your role will be ensuring the provision of quality management information to enhance decision making; raising finance to support continued growth; and supporting managing directors in contract negotiation.

A qualified accountant, you will be already at board level in industry. Previous exposure to aviation, engineering or a contract based activity will be a plus.

Please send full personal and career details in confidence, including current remuneration level, to Edward Simpson, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference ES888 on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

CONSULT

FINANCIAL CONTROLLER

c £35,000 + car

Sussex

Our client is a highly successful subsidiary of a well established international group and a market leading manufacturer of electronic control systems and instrumentation for the chemicals, oil and processing industries. Product excellence and the ability to provide 'tailor made' systems solutions have ensured an outstanding reputation with an expanding worldwide customer base.

Participating at board level, this important position offers you the opportunity to be a high profile and influential member of a highly motivated management group.

Leading a competent team you will be responsible for all aspects of the finance function including the provision of financial and management accounts, reports, budgets and forecasts. Proactive involvement in all business spheres will be essential as you will closely advise managers with regard to contract terms, pricing strategy and the financial impacts of their own operational areas.

Aged around 30 to 35 and fully qualified, you are systems literate with demonstrable *business acumen and managerial skills gained* within a manufacturing, engineering or electronics environment. You are aiming to be a Finance Director within 3 to 4 years.

Please contact Richard Warner at CONSULT, Atlas House, 17 London Road, Hindhead, Surrey GU26 6AB. Telephone: 0428 606797 during office hours or 0252 724671 out of office hours (Fax: 0428 607198).

Accounts Manager

Where Innovation is Fully Appreciated

c£27,500 + car

Manchester

With our electronics products at the forefront of their market segments, an enviable growth curve and an unyielding commitment to excellence, our name has become synonymous with innovation. A quality we also look for in our people. To succeed as Accounts Manager in this dynamic arena, you'll need the vision and creativity to play a pivotal role in our financial success.

We now have an opportunity for an Accounts Manager and are looking for an ambitious accountant with the talent to take on a broad-based, pro-active role.

Reporting to our Financial Controller, your role will be to manage and co-ordinate our accounts function which spans 14 profit centres, and to actively contribute to financial growth. More specifically this involves, managing and preparing timely reports, initiating investigative reports and extensive liaison with external organisations.

A fully qualified accountant with at least 3 years' post qualifying experience gained in a commercial environment, you must have first-hand experience of implementing and developing sophisticated computerised accounting systems. In addition, you'll need well-honed communication and interpersonal skills to enable you to inspire the confidence and co-operation of your own team, as well as colleagues in other functions.

We will reward your professionalism with an excellent salary and the kind of benefits you would expect from a company of our standing, including fully expensed company car and BUPA.

In the first instance please write or telephone for an application form to: David Wakefield, Personnel Manager, Sharp Electronics (UK) Ltd, Sharp House, Thorp Road, Newton Heath, Manchester M10 9BE. Tel: 061-204 2462 (Direct Line).

SHARP

A Major European Group, with a US Parent, seeks talented qualified financial professionals to fill key positions in Europe. The Group has expanded successfully and rapidly in recent years with manufacturing operations in five european countries.

FINANCIAL CONTROLLER - ITALY

Based initially at the manufacturing operation near Rome, the Financial Controller will play a full role in the management of the company. Knowledge of Integrated Cost and Manufacturing Control Systems is necessary, together with a practical approach to problem solving. Prior career experience should include US GAAP reporting, Treasury Management and Business Planning. The Controller will report to the local General Manager and should be fluent in Italian. Age should be mid/late thirties with at least ten years senior financial management experience.

GROUP CONSOLIDATION - BELGIUM

Based at the European HQ in Brussels, this position manages the *consolidation, analysis and interpretation* of Group performance. Reporting directly to the Group Controller, the successful candidate will travel extensively in Europe and participate in a wide range of issues affecting financial performance. Experience of US GAAP and Data Base Management is necessary. With a minimum of five years post qualification experience, candidates should be fluent in English and at least one additional european language.

Salary and benefits for each position will be commensurate with candidate experience and the respective responsibilities of each position. Assistance with relocation will be provided where necessary.

Please reply with full career details and recent salary history to Box A1732, Financial Times, One Southwark Bridge, London SE1 9HL

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